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## New Militia Is Poised On Outskirts of Kabul

### West Hopes Group's Call for Unity Will Finally Stabilize Afghanistan

By Joseph Fitchett  
International Herald Tribune

PARIS — After a victory that shattered their strongest rival, the crusading army known as the Taliban is at the gates of Kabul, poised for a showdown for control.

Western officials, queried about the little-known group, said Wednesday that the outcome of the struggle could finally stabilize the country and ease Islamic tensions throughout the region.

The movement, which emerged four months ago on the border with Pakistan, combines sophisticated military prowess with a fundamentalist Islamic creed.

Its call for national unity is powerfully appealing in a country fed up with the civil war that has raged among guerrilla leaders since Soviet troops were turned back three years ago.

After overrunning the headquarters of the major factional leader outside the capital on Tuesday, the Taliban was besieging the Kabul regime of President Burhanuddin Rabbani and the guerrilla chieftain Ahmed Shah Masoud.

Their forces withdrew into the city rather than risk confrontation with the Taliban.

Negotiations were reportedly under way Wednesday between the two sides, perhaps aiming for a government pact with the Taliban, which has said that its sole goal is for Afghanistan to have single national administration enforcing an Islamic state.

While favoring a strict Islamic state in Afghanistan, the Taliban appears to be devoid of the international ambitions voiced by many Muslim fundamentalist movements and wary of links with Iran or other Islamic regimes implicated in international terrorism.

"This new force got off the ground thanks to Pakistan, which wants to see some stability in Afghanistan and is tired of seeing it function as a training ground for fanatics and terrorists," an Arab official said.

Veterans of the guerrillas fighting in Afghanistan have been active in the ranks of armed Islamic extremists in Algeria and Lebanon.

Pakistan publicly denies any involvement in the Afghan fighting, but Western officials said Wednesday that the Taliban was viewed favorably by conservative Muslim states, including Pakistan and Saudi Arabia, and, generally, by the West.

"They offer some hope of order in Afghanistan," a source said, adding that an Islamic regime in Kabul was unlikely to cooperate significantly with other fundamentalist movements because it would concentrate on national reconstruction.

In its march toward Kabul, the Taliban — it is well-armed and impressively disciplined, Western officials say — won its

See KABUL, Page 6

## Santer's Plan: Taking Over Where Delors Left Off

By Tom Buerkle  
International Herald Tribune

BRUSSELS — Adding to his reputation as a consolidator rather than an innovator, Jacques Santer listed his legislative priorities on Wednesday as wrapping up the European Union's unfinished business, including completion of the single market and moving toward a single currency by the end of the decade.

Mr. Santer, outlining his legislative agenda for 1995 to the European Parliament in Strasbourg, also stressed his determination to prepare Europe for the information age, saying it would be the chief area of activity this year for the European Commission.

Mr. Santer, the commission president, avoided mentioning EU border controls, a subject of controversy in Britain after a junior minister resigned over the issue last week and Prime Minister John Major vowed Tuesday to veto any proposal to lift passport controls. The commission's 68-page program promised a measure to eliminate border controls, but it gave few details.

"All he's doing is avoiding rubbing the

See EU, Page 6

## North Korea Raises Specter Of Scrapping Nuclear Deal

By Paul F. Horvitz  
International Herald Tribune

WASHINGTON — North Korea raised the stakes Wednesday in a tit-for-tat diplomatic dispute with the United States, suggesting that the entire nuclear deal between Pyongyang and Washington could be in jeopardy.

A spokesman for the North Korean Foreign Ministry was quoted as saying that his government "would have nothing to lose" if the agreement were to be scrapped over Washington's insistence that South Korea play a major role in one element of it.

The North Korean comments were in reaction to a statement last week by a high-ranking U.S. official, who said that the nuclear deal would be in jeopardy if North Korea barred a South Korean role in supplying modern "light-water" nuclear reactors to the North.

From all appearances, both sides in the dispute were ratcheting up their oratory to win concessions in negotiations over the final details of the nuclear agreement. Neither side has gone so far as to postpone talks that are scheduled for next month.

The State Department spokeswoman, Christine Shelly, suggested that the North's statement might be an opening bargaining position in preparation for the resumption of talks. She added: "Our position still is the South Korean model represents the only viable option. That's where we've always been. The North Koreans know that."

Under a deal reached in October, North Korea would freeze its current nuclear program, shut down its graphite reactors and accept two light-water reactors financed by a consortium of nations, including South Korea.

Although the North denied that its research program was secretly designed to produce nuclear weapons, it agreed to accept a new method of generating electricity, swapping its graphite reactors, which produce relatively large amounts of weapons-grade plutonium, for light-water reactors, from which weapons fuel is much more difficult to extract.

As talks continued, North Korea balked at accepting South Korea as the official supplier of the light-water reactors, even though South Korea was willing to finance the bulk of the project. The North argues that, as purchaser of the reactors, it can decide which nations to deal with.

According to some analysts, the underlying issue appears to be national pride on the part of both North and South Korea, bitter enemies for years.

On Wednesday, a statement from the North Korean spokesman read in part: "It might be better for us that the agreement is scrapped now in the initial stage than spending time with debate on the unfeasible provision of light-water reactors."

The statement was carried by Pyongyang.

See REACTOR, Page 6



MOSCOW MARKERS — General Boris Gromov, who led the pullout in the Afghan War, and Russian Anchor, another Afghan veteran and now Ingushetia's president, at the Tomb of the Unknown Soldier on Wednesday. As President Boris N. Yeltsin goes before Parliament on Thursday, he will be watched for signs about his health. Page 5.

## A Real Two-Party Italy? The Rush Is On

By Alan Friedman  
International Herald Tribune

ROME — Day by day, and with a sense that historical change is at hand, Italy has begun moving toward the construction of a two-party political system.

As a result, and for the first time in Italy's postwar history, two broad coalitions — one center-left and the other center-right — could each plausibly capture more than 40 percent of the national vote at the next general election.

The contours of this bipolar system have begun taking shape in the last two weeks, since Romano Prodi, the former chairman of Italy's giant IRI state holding company, announced his decision to enter national politics and challenge former Prime Minister Silvio Berlusconi at the next election.

Mr. Prodi, a free-market economist from Bologna, has quickly garnered the enthusiastic support of a wide range of

centrist politicians, including a sizeable part of the Northern League-Federal Italy and the left wing of the Popular Party, the rump of the former Christian Democrats. Just as significantly, his debut has also been welcomed by many members of the Democratic Party of the Left, the former Communists.

While the affable Mr. Prodi enjoys his honeymoon with the Italian media, Prime Minister Lamberto Dini, who was treasury

See ITALY, Page 6

### AGENDA

#### Violent Fans Halt U.K.-Irish Game

DUBLIN (Reuters) — An exhibition soccer match between England and Ireland was abandoned Wednesday night when English fans pelted the players and spat on the crowd after Ireland took a 1-0 lead.

A spokesman for a first aid organization said 60 to 70 people had been treated, mostly for head injuries.

The Football Association of Ireland called off the game after English spectators in upper-tier seats hurled coins, bottles, seats and other missiles.

#### U.S. Stocks Reach A Record High

The stock market in New York moved into record territory Wednesday, as fresh economic statistics led many big investors and traders to believe that an economic mix of moderate growth and low inflation was at hand.

The Dow Jones industrial average rose 27.92 points to a high of 3,986.17, despite warnings that the Federal Reserve Board might need to slow the economy a little more. (Page 13)



HEBRON CLASH — Israeli troops chasing Palestinians on Wednesday. In Gaza, a rights activist was held. Page 2.

## Mali Struggles to Fend Off Rape of Its Cultural Heritage

By Howard W. French  
New York Times Service

DJENNE, Mali — In the shadow of a 14th-century mud-walled mosque, Bamaye Guitteye's wares, reproductions of some of this continent's most treasured art forms, crowd his small back-alley gallery.

To believe Mr. Guitteye, he sells only reproductions of the original terra-cotta figures, wooden masks and cast bronzes that regularly fetch tens of thousands of dollars for the dealers in Paris and Brussels who specialize in fine African art.

But Malian officials say that if he is like the dozens of other art dealers whose shops dot the towns of the Niger River valley, hidden in a back room can be found au-

thentic pieces for sale to foreign collectors and dealers, part of what archaeologists describe as one of the worst destructions of a country's cultural heritage since Napoleon's Egyptian campaigns.

Just as this town serves as a sort of living museum of the Mali Empire, a Middle Ages center of learning and military prowess in the heart of West Africa's Sahel region, the broken fields outside of town have become a sort of museum to the vandalizing of an older civilization, which began 250 years before Christ and died mysteriously around the time of Islam's arrival here in the 14th century.

"This city predates the Arabs' crossing the Sahara, and is absolutely distinctive,"

said Roderick J. MacIntosh, an archaeologist at Rice University who first excavated the ancient Djenné site in 1977. "But so far, academics have only discovered and catalogued a relative few pieces of art, while thousands of others have just been ripped out of the ground and made chronological orphans that can never be studied in their original setting."

At dusk or at daybreak, when the light is low and the temperature tolerable, barren fields that harbor ancient sites throughout the Niger River's inland delta come alive with the sound of digging, as ragged work gangs hired by the area's antique dealers labor to supply a mostly European client-

See MALI, Page 6

## Iraq Thwarts UN Sanctions With Secret Oil Exports

### \$800 Million Revenue As Illicit Trade Is Sent Via Turkey and Iran

By Youssef M. Ibrahim  
New York Times Service

PARIS — Iraq has set up a secretive export system for crude oil and refined products to get around United Nations sanctions that bar it from selling oil, according to oil industry executives. The sanctions were put in place after Iraq invaded Kuwait in 1990.

The sales have generated \$800 million in revenues for the struggling Iraqi economy in the last year alone, oil industry executives estimate.

The executives, some of whom are directly involved, say Iraq is taking advantage of a growing network of oil traders motivated by vast profits from the illicit sales.

It is also using hundreds of trucks that carry the oil through Kurdish territories to Turkey or through Iran, as well as tankers sailing into the lower Gulf region.

The sources say that Baghdad has increased the total amount of oil it exports through these secretive routes to around 200,000 barrels a day, bringing in a revenue of \$800 million in the past year. Iraq's exports prior to the Gulf conflict were about 3 million barrels a day.

The United Nations allows Iraq to export about 75,000 barrels of oil a day to Jordan, with the revenues deposited in Jordan's central bank to cover Iraqi purchases of medicine and some foods.

"As long as the sanctions continue, we will see more and more violations of the sanctions," said an Iraqi opposition figure in London, who asked not to be identified.

Many of Iraq's oil fields are in the north near Kirkuk, close to the Turkish border, and in the south in Basra, close to the border with Iran.

The smuggling network, largely managed by senior officials of the government who are related to President Saddam Hussein, shows every sign of increasing as operations on both sides of the Iraqi borders have been set up to expand the export volume. The illicit trade is reportedly controlled by Mr. Saddam's son, Uday, and his brother-in-law, Hussein Kamel, the minister of industry.

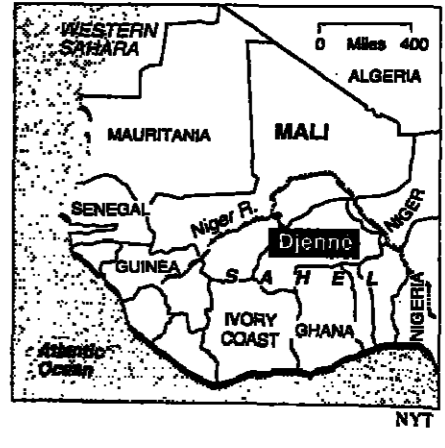
The increase in oil exports during 1994 has been made possible, the sources say, with the tacit support of Turkey, Iran, Jordan and others in the region that feel

See IRAQ, Page 6

Newsstand Prices

Andorra.....9.00 FF	Luxembourg.....60 L Fr
Antilles.....1.20 FF	Morocco.....12 Dh
Cambodia.....1.400 CFA	Oman.....8.00 Rials
Egypt.....9.000 E.P.	Réunion.....11.20 FF
France.....9.00 FF	Saudi Arabia.....9.00 R.
Gabon.....960 CFA	Senegal.....960 CFA
Greece.....350 Dr.	Spain.....225 Ptas
Italy.....2.600 Lire	Tunisia.....1.000 Din
Ivory Coast.....1.120 CFA	Turkey.....T.L. 45,000
Jordan.....1 JD	U.A.E.....8.50 Dirh.
Lebanon.....US\$ 1.50	U.S. Mfr. (Eur.).....\$1.10

Dow Jones	Trib Index
Up 27.92	Down 0.15%
3986.17	110.03
The Dollar	West. zone
DM 1.5095	previous close 1.5088
Pound 1.561	1.5625
Yen 98.35	98.535
FF 5.2365	5.2268



# Hot on the Trail of Germany's Stolen Masterpieces

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## THE AMERICAS

## New York Mayor Proposes Giant Cuts in Spending on Poor

By Steven Lee Myers  
New York Times Service

NEW YORK — A proposed financial blueprint from Mayor Rudolph Giuliani that includes a huge cut in New York City's spending has been harshly criticized by Democrats and advocates for the poor.

Together with state cuts, the plan would drastically reshape municipal government and slash services to the poor.

The City Council speaker, Peter F. Vallone, a Democrat, said members recognized the severity of the projected \$2.7 billion budget gap the Republican mayor's plan would reduce. But he said the council would resist drastic cuts in education, youth services, welfare and Medicaid.

He said that many of the cuts would ripple disastrously through the city's economy.

Penelope W. Pi-Sunyer, executive director of City Project, a liberal advo-

cacy organization, called the proposal "an unprecedented attack on the poor."

Embracing the philosophy of Governor George Pataki's austere budget for the state, Mr. Giuliani said that the city, for the first time, would reduce public assistance and health care for its poorest residents. In fact, he called on the governor, who is also a Republican, to go further to cut those costs, which the city and state share.

Saying that the city had been too generous for too long, the mayor proposed a budget of nearly \$30.5 billion for the fiscal year that begins in July, a reduction in spending from the current fiscal year of \$13.5 billion, or 4 percent.

In his statement accompanying the budget plan, Mr. Giuliani portrayed the "tough measures" of his plan as a necessary correction to the failed liberal policies of the past.

In addition to the cuts in welfare and health care, the mayor also asked the city's municipal unions to agree to

\$600 million in savings on health care, pensions and work rules, in exchange for a pledge to avert layoffs.

And he announced that he would reduce spending in city agencies by an added \$600 million, affecting services virtually across the board — from summer youth programs to money for the City University of New York.

The mayor's preliminary budget — the first step toward adoption of a final budget by the City Council in June — is likely to provoke a pitched ideological battle over the city's priorities.

"Make no mistake that many of the cuts advanced by the mayor and the governor would hurt not only the poor," Mr. Vallone said. "They would hurt working people. They would hurt the elderly. And they would hurt a significant part of New York City's economy."

The mayor's preliminary budget — and the need for more cuts on top of the \$2 billion in spending that Mr.

Giuliani and the council cut last year — underscored the depth of the city's enduring shortfall between tax revenues and expenses.

The projected gap for the fiscal year 1996 has mushroomed steadily over the last year, due in part to a \$500 million decline in tax revenues because of the flat economy on Wall Street and a \$265 million drop in anticipated aid from the state and federal governments. The gap also reflects a \$300 million increase in the city's contribution to worker pensions.

By far, the deepest cuts in Mr. Giuliani's budget would fall in welfare and Medicaid health insurance for the poor, which account for 15 percent of the city's spending and which the mayor proposed cutting by \$1.2 billion.

In his state budget, the governor proposed cutting those programs by \$1.9 billion, saving the city an estimated \$800 million since it shares the costs. Mr. Giuliani has called on Mr. Pataki to cut a total of \$2.5 billion to save the city \$400 million more.

The city's fiscal monitors and bond raters responded positively, although they cautioned that much of the mayor's plan still required approval from the state legislature and unions.

Richard P. Larkin, the managing director of Standard & Poor's, said that the plan could avert a downgrading that his bond-rating agency had threatened last month.

But to do so, he said, the mayor had to win agreement from Albany to reduce the state's spending on Medicaid and welfare by \$400 million more than even the governor has proposed — cuts that would allow the city to reduce its spending by the same amount. And he would need the unions' approval for the \$600 million in givebacks.

Jeffrey A. Sommer, the acting executive director of the state's Financial Control Board, which monitors the city's finances, said the budget plan signaled an honest attempt to address the deficit.

## POLITICAL NOTES

## Plan to Merge Agencies Approved

WASHINGTON — Republican leaders in Congress have endorsed a plan to consolidate three independent foreign policy agencies into the State Department, a proposal the White House has already rejected.

Under the proposal, the Agency for International Development, the Arms Control and Disarmament Agency and the U.S. Information Agency would be taken over by the State Department.

"It will be good for the country and be good for the taxpayers, particularly," said Senator Jesse Helms, Republican of North Carolina, who heads the Foreign Relations Committee.

Mr. Helms proposed to merge the agencies into the State Department on the ground that it would save money and ensure that the foreign policy bureaucracy spoke with one voice.

His proposal was immediately backed by the Senate majority leader, Bob Dole, Republican of Kansas, and the House speaker, Newt Gingrich, Republican of Georgia.

Mr. Helms sought to lure Secretary of State Warren M. Christopher, the lone witness at the hearing, into supporting the Republicans' reorganization proposal by saying he was merely recommending what the secretary of state had already recommended to Vice President Al Gore.

Mr. Gore had asked the State Department to suggest ways of streamlining the foreign policy bureaucracy, but on Jan. 27 the vice president rejected the department's proposal to consolidate the agencies. He said then that such a move would undermine cost-cutting efforts that the agencies were already carrying out. (Steven Greenhouse, NYT)

## House Takes Bite From Crime Bill

WASHINGTON — The House has defied President Bill Clinton and approved \$10 billion in crime-fighting block grants that would eliminate financing toward a goal of 100,000 additional police officers, the centerpiece of a major anti-crime law the president signed five months ago.

In passing the bill, House Republicans completed the first phase of their rewriting of the 1994 law. The last of six anti-crime measures sent to the Senate, it passed 238 to 192, 52 votes short of the two-thirds majority needed to override a presidential veto.

Mr. Clinton said Tuesday night in California that he would do his best "and go into the Senate to work with people who understand law enforcement" to try to defeat the House bill.

But in a speech at San Bernardino Valley College, the president repeated a warning he gave Saturday, saying, "If I have to, I will veto any bill that attempts to undermine the commitment we made last year" to put more police on the street. (WPT)

## White House Won't Push Hearings

WASHINGTON — The White House will not ask the Senate to begin hearings on the nomination of Henry W. Foster Jr. as surgeon general until at least mid-March, a timetable that Clinton administration officials believe will leave the nominee in better shape to confront his critics.

The four-week delay was described by White House aides Tuesday as necessary to let the FBI complete its check into Dr. Foster's background. But they also indicated that they were not at all unhappy about such a waiting period.

Indeed, aides to Mr. Clinton made clear that they believed Dr. Foster's prospects for winning Senate confirmation would improve with time.

Some said Dr. Foster, 61, an obstetrician-gynecologist, would benefit by gaining distance from episodes that have raised questions about his candor on abortions he has performed. The aides also suggested that the lag would help the White House effort to portray his Senate critics as captives of the right-to-life movement. (NYT)

## Quote/Unquote

Mr. Helms, speaking to Mr. Christopher at a Foreign Relations Committee hearing: "I have had the majority staff look into the way our government executes decisions the president makes in foreign affairs. The way it is now structured, it is a mess. No one person is in charge." (Reuters)

## Medical Board Mandates Abortion-Skills Training

By James Barron  
New York Times Service

NEW YORK — The group that supervises graduate medical education in the United States has voted to require that prospective obstetricians be taught abortion skills, saying it wanted them to receive the fullest possible training from the teaching hospitals where they work as medical residents.

The new requirement applies only to programs that train obstetricians and gynecologists, and spells out alternatives for hospitals with moral or religious objections.

Programs that refuse to provide the new abortion training could be stripped of their accreditation, which teaching hospitals need to qualify for federal reimbursements for the services medical residents provide to patients.

John C. Gienapp, the executive director of the Accreditation Council for Graduate Medical Education, said the new standards were the first specifically mentioning abortion.

Until now, he said, the standards have said residents were to receive clinical experience in family planning. That implied but did not spell out competence in performing abortions, he said.

But with fewer abortions being performed at hospitals, some doctors have come to believe that they need to reassure patients about the competence of a doctor who may have to treat a woman who has had a spontaneous abortion, or recommend that a patient undergo an abortion to save her life.

Abortion opponents immediately denounced the move.

"Coercing people and institutions to participate in the destruction of innocent life is a great evil," said Cardinal Roger Mahony of Los Angeles, chairman of the National Conference of Catholic Bishops' Committee for Pro-Life Activities.

The changes are to take effect Jan. 1.

Alexander Sanger, the president and chief executive of Planned Parenthood of New York City, called the vote "gratifying."

On March 18th, the IHT will publish a Special Report on

## FASHION

- Among the topics to be covered are:
- Runway vs. reality — have the collections turned too much to theater?
  - Fashion's Family Tree — a look at 12 rising designers.
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**Herald Tribune**  
THE WORLD'S DAILY NEWSPAPER

## Clinton Draws Line Against Republicans On National Security

By Dana Priest  
and Daniel Williams  
Washington Post Service

WASHINGTON — The Clinton administration set up a major confrontation with Congress over national security policy, with President Bill Clinton charging that the defense bill laid out by the Republicans would limit the nation's ability to respond to international crises and hamper the president's "constitutional responsibility to conduct U.S. foreign policy."

Secretary of State Warren M. Christopher and Secretary of Defense William J. Perry have recommended that Mr. Clinton veto the bill if Congress approves it.

The bill, being debated on the House floor, embodies the defense priorities outlined in the Republicans' "Contract With America." It would re-

strict U.S. participation in United Nations peacekeeping operations; advocates strengthening anti-missile defenses, and calls for a more robust military.

Mr. Clinton said in a letter to the speaker of the House of Representatives, Newt Gingrich, Republican of Georgia, that the bill would "undercut U.S. leadership abroad" and "would place U.S. forces at greater risk by forcing us to act unilaterally or not at all."

Republican leaders in the House said at a news conference that the bill would leave the president plenty of room to deploy troops for national security reasons and would create a stronger military.

The National Security Revitalization Act, lacks detailed or iron-clad language to force many changes in defense strategy or foreign policy. The bill has little support in the Senate, except on the issue of peacekeeping.

But both parties have taken a high profile on the matter. The Democrats want to establish themselves as the party with the most responsible and practical, post-Cold War defense position. The Republicans want to paint themselves as minders of a strong defense who believe that the Democrats are handing too much money and authority to the United Nations.

The bill also advocates including Poland, Hungary, the Czech Republic and Slovakia in the North Atlantic Treaty Organization.

On anti-missile defense, both sides are trying to gain rhetorical advantage. The bill calls on the Defense Department to deploy an anti-missile defense system "at the earliest practical date."

The language of the bill and current administration policy are fairly close on the issue. The Defense Department spends about \$400 million a year on developing a limited anti-missile defense system, one the Republicans admit would fulfill their near-term development goal as well.

The statements by the administration Tuesday were part of a coordinated effort to reposition itself on defense matters. It is time to "set a marker," a high-ranking defense official said, to beat back the Republican bill and pre-empt efforts to add stronger anti-peacekeeping amendments to separate legislation.

While the House debates the bill, the administration will press to kill it. Mr. Christopher was to meet Wednesday with conservative and moderate Democrats on Capitol Hill; Madeline K. Albright, the U.S. delegate to the UN, met with 10 members of Congress on Tuesday and plans to lobby moderate Republicans.



Mr. Christopher, left, and Mr. Perry answering reporters' questions in Washington.

## First-Term Legislators Flex Muscles

By Guy Gugliotta  
Washington Post Service

WASHINGTON — Republican House freshmen have muscled their way into government "reinvention," promising to produce detailed plans in the next few months for eliminating four cabinet departments.

The freshmen put the departments of Commerce, Education, Energy, and Housing and Urban Development on the block. On the whole, they do not have essential functions within the government, Representative Sam Brownback, Republican of Kansas, said at a news conference.

Mr. Brownback said the freshmen "do not have specifics" on how they would abolish the departments but formed four "task forces" charged with developing draft legislation "sometime in the spring."

The freshmen briefly outlined arguments for eliminating the departments but made it clear that essential functions would be preserved. Individual pro-

grams or agencies would exist independently or be rolled into other departments, several members said.

Their sketchily described proposals broke little new ground, tracking closely with initiatives already broached in Congress or within the Clinton administration.

Representative Todd Tiahrt, Republican of Kansas and energy task force chairman, acknowledged that the government would continue to manage the nuclear stockpile, even though "it's time to turn the lights out on the Energy Department."

And Representative Sue Myrick, Republican of North Carolina, one of the heads of the Housing Department task force, said she was interested in replacing federally assisted housing with portable rent subsidy vouchers. This idea is a canon of the restructuring program.

Still, the news conference served notice that the 73 Republican freshmen — more than one-sixth of the House and nearly one-third of the party caucus — had decided to become a power center in

the debate on budget austerity and government reinvention.

Several Republican House luminaries were on hand to pay homage.

The Budget Committee chairman, John R. Kasich, Republican of Ohio, praised the "high-octane people" in the freshman class, who "when they got here didn't forget why they came."

"This is a tremendous day," he said. "A mission statement" issued by the freshmen outlined four principles for eliminating departments — "privatize, localize, consolidate, eliminate."

"We're not talking about eliminating all the functions," said Representative Charles Joseph Scarborough, Republican of Florida, chairman of the education task force. "Our focus is not on ideological arguments, but on what works."

Mr. Scarborough said the freshmen in some respects were echoing less-than-complimentary sentiments about the Education Department expressed by Alice M. Rivlin, the Clinton administration's budget director.

## Simpson Blood Was on Gate, Lawyer Says

The Associated Press

LOS ANGELES — A prosecutor said Wednesday that O. J. Simpson's blood was left on a gate near the slashed bodies of Nicole Brown Simpson and her friend Ronald L. Goldman.

The match was determined through recently completed DNA tests, said Deputy District Attorney Rockne Harmon. Previously, prosecutors said Mr. Simpson's blood had been found alongside bloody footprints leading from the bodies, which were found outside Mrs. Simpson's condominium.

The statement was made during a hearing out of the jury's presence in which attorneys argued over evidence sharing. "The tests are showing that is Mr. Simpson's blood," Mr. Harmon said.

Mr. Harmon said the prosecution did not want to turn over the gate blood sample to the defense until it had had time to conduct different tests that, it hoped, would undermine anticipated defense claims that the police had planted Mr. Simpson's blood at the crime scene.

These other tests will show the presence or absence of a blood preservative that coroners used on a sample of Mr. Simpson's blood taken the day after the killings. If that blood had been planted there, Mr. Harmon said, the preservative would show up.

Superior Court Judge Lance A. Ito ruled that the prosecution could hold onto the gate blood and other samples, including blood found on socks at Mr. Simpson's house, to test for the preservative.

Other blood samples must be turned over to the defense, Judge Ito said, for its own testing. But the judge warned he

would impose "unbelievably negative sanctions" if the defense lost or destroyed the samples.

Earlier, F. Lee Bailey made his cross-examination debut in the trial, demonstrating how he had earned his reputation as one of the most renowned American defense lawyers.

First, he asked Sergeant David Rossi if he had stepped on any footprints at the crime scene. Mr. Rossi said he had not.

What about the invisible footprints, Mr. Bailey asked. Footprints, left by the killer, that can be detected only through dusting or viewing with oblique light?

Mr. Rossi, the first officer at the scene, said he did not think he had stepped on any footprints, seen or unseen.

Mr. Bailey pounced.

## Away From Politics

• Jurors awarded \$5.2 million to a woman and her husband for physical problems she claimed were caused by leaking breast implants. It was the first time that Dow Chemical Corp. has been found liable in a lawsuit over the product. The jurors, in their 10th day of deliberations in Houston, decided that Dow Chemical was responsible for 20 percent of the damages suffered by Gladys Laas, a retired nurse, and her husband, Dow Corning Corp., which is owned by Dow Chemical and Corning Inc., was found 80 percent liable. (AP)

• Five gutted a Planned Parenthood clinic in San Luis Obispo, in the third family planning clinic blaze along the Southern California coast in a week. The FBI said it appeared to be arson. (AP)

• The man accused of killing two women in attacks on abortion clinics has pleaded not guilty to Massachusetts charges that could put him in prison for life. At his arraignment in Dedham, John C. Salvi 3d pleaded not guilty to two counts of first-degree murder and five counts of assault with intent to murder in the Dec. 30 attacks in the Boston suburb of Brookline. The next day, he was arrested after allegedly firing shots at an abortion clinic in Norfolk, Virginia. (AP)

• Colin Ferguson, who claimed an unidentified white man stole his gun and killed six people on a Long Island Rail Road train in December 1993, has offered another theory: The killer was a black man who looks like him and shares his name. (AP)

## INTERNATIONAL CLASSIFIED MARKETPLACE

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THE WORLD'S DAILY NEWSPAPER

## BRIEFLY ASIA

*The Associated Press*

**HANOI**—Teams of American and Vietnamese specialists will start searching Thursday for clues to the fate of 35 U.S. soldiers unaccounted for from the Vietnam War.

A survivor of one 1968 battle will help to dig for the remains of five missing comrades, said Major Randall Garrett of the U.S. Air Force, the operations officer for the U.S. office here on soldiers missing in action.

The survivor, Frank C. Willoughby, is a former major in the U.S. Army's Special Forces, or Green Berets. He will return to Lang Vei Special Forces camps in central Quang Tri Province that were overrun by North Vietnamese tanks and infantry during the Tet Offensive.

It is unusual for survivors of a specific battle to be part in searching for missing men, said Mr. Willoughby is expected to help outline battlefield positions and trace the course of battle to discern where men might have fallen or been buried.

Eight teams will spread out across Vietnam to interview witnesses and excavate old battlefields, burial sites and areas where U.S. helicopters and airplanes crashed. The five-week operation will be the 34th in a series that started in 1988, Major Garrett said.

The Defense Department lists 1,621 Americans as missing in Vietnam. Most were killed in action or lost over the ocean, but the bodies of some never recovered, defense officials say.

An additional 505 U.S. servicemen were unaccounted for in Laos, 77 were lost in Cambodia and 8 in China.

The United States says Vietnam must do more to determine what happened to those missing before full diplomatic relations

EUROPE  
TOPIC

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EUROPE

# Protestants May Quit Peace Talks In Ireland

By Fred Barbash  
Washington Post Service

BELFAST — Northern Ireland's main Protestant political party threatened Wednesday to boycott peace talks here because it fears that the agenda is being stacked against their community.

Their threat, if carried out, could prove extremely damaging to the peace process here. The party represents the majority of Northern Ireland's majority Protestant population.

Their statement comes as British and Irish officials are putting the finishing touches on a proposal for the future governance of Northern Ireland that is to form the framework for talks among parties representing the Protestant community here and the minority Catholic population.

Links about the contents of the proposal have been coming steadily in the past few weeks, and have suggested a strong role in the new Northern Ireland for "cross-border" institutions, the various agencies in which officials from Northern Ireland and the Republic of Ireland will participate.

Press reports have also said that the proposal will include a mechanism to give Catholics greater power in a new Northern Ireland legislative assembly than their numbers would warrant.

Leaders of the Ulster Unionist Party, considered the most moderate of the Protestant parties, regard both of these elements as fatally tilting the future negotiations toward the "nationalists" in Northern Ireland, those, like the Sinn Féin Party, who favor and end to British rule and reunification with Ireland.

Party leaders met with Prime Minister John Major seeking reassurance that the reports were untrue. Apparently, they did not get them. In the aftermath of that meeting, the Unionists sent Mr. Major a letter protesting the "nationalist" agenda they fear is being set for the talks.

Their fears were heightened by a meeting Tuesday here between the Irish foreign minister, Dick Spring, and Britain's secretary of state for Northern Ireland, Sir Patrick Mayhew.

Elaborating in a BBC Radio interview, David Trimble, a leading Ulster Unionist member of Parliament, said that "if the document comes out and it is as bad as some of the reports in the papers this morning say, then I think we would have to seriously consider that line."

The Ulster Unionists' formal position is opposition to any cross-border institutions that exercise serious power and even greater opposition to any special "weighting" of a Northern Ireland assembly to give greater power to the 45 percent minority Catholic population.

British and Irish officials are hoping that the Unionists' current stance is simply a negotiating posture, on which they will compromise. They have stressed that the "framework document," which may be released next week, is just a "talking paper" which will be subject to negotiation among all of Northern Ireland's political parties and, ultimately, to a referendum here.



Jozef Oleksy, right, and his party's leader, Alexander Kwasniewski, discussing a new Polish cabinet Wednesday.

## Prospective Polish Chief to Present Cabinet in 2 Weeks

WARSAW — Poland's ruling leftist coalition is likely to present its new cabinet for Parliament's approval in two weeks, the prospective prime minister, Jozef Oleksy, said Wednesday.

Mr. Oleksy, who is now the speaker of

Parliament's lower house, declined to give the names of proposed ministers, saying candidates still had to be discussed by the coalition members, the Polish Peasant Party and the Democratic Left Alliance.

But a senior coalition leader who spoke on condition of anonymity said that Finance Minister Grzegorz Kolodko and Privatization Minister Wieslaw Kaczmarek would retain their posts in the new cabinet.

## Is Yeltsin Ill? Both Russia and West Ask

By Steven Erlanger  
New York Times Service

MOSCOW — As President Boris N. Yeltsin prepares to go before a joint session of Parliament on Thursday to ask Russians "to believe in him again," as one newspaper put it, there are muted but growing concerns about his health.

Alarm bells went off last month when a leaked report by the Central Intelligence Agency asserted that Mr. Yeltsin has a worsening problem with alcohol. They rang louder last week, when video footage of Mr. Yeltsin at a meeting in Kazakhstan's capital, Alma-Ata, showed him walking unsteadily, grabbing an aide for support and having difficulty speaking.

Officially, the Russian government has rebuffed all requests for comment. There are few more sensitive topics for a presidential administration trying to find a plausible solution to the war in Chechnya and to persuade the West, and the International Monetary Fund, that economic and political stability will soon return to Russia.

Senior Western diplomats say that Mr. Yeltsin seems ill, that he has periods of depression and heavy drinking, that his attention span is more "episodic" than before. But no one pretends to know the true state of Mr. Yeltsin's health.

Mr. Yeltsin recently turned 64 in a country where the average male life expectancy has fallen to 59.

Mr. Yeltsin's face, these days, is a kind of testament to the struggle. Five years ago, when he was battling for his dignity against the Soviet president, Mikhail S. Gorbachev, who tried to destroy him, Mr. Yeltsin was thinner and fit. Today, his face appears puffy. When he smiles, rarely now in public, his eyes seem to disappear.

One Western intelligence agency said of Mr. Yeltsin, two years ago, "that he drinks no

more than an average Russian man of his age and experience," which was understood to be a delicate way of saying, "He drinks a lot."

In Alma-Ata on Friday, Mr. Yeltsin appeared less boisterous than in the past.

Mr. Yeltsin has a bad back from a plane crash, and is said by senior Western diplomats to take painkillers that may cause him difficulties if combined with alcohol. He is said to take cortisone, which could help explain the puffiness. He has heart problems, and some doctors, though cautioning that they do not know his history, say he seems to suffer from arteriosclerosis.

There are also rumors about liver or kidney problems, and there was another set of rumors that while Mr. Yeltsin was hospitalized for two weeks in December, as the Chechnya invasion began, he had had another operation as well as surgery on a deviated septum. But rumors are general in a political hierarchy that more and more resembles a court, and no one who knows is telling.

Should Mr. Yeltsin die in office, the prime minister, Viktor S. Chernomyrdin, would become acting president and must call new elections within three months.

### New Accord in Chechnya

Russian and Chechen officials agreed Wednesday to a complete, two-day cease-fire in Chechnya. The Associated Press reported from Slepysovsk, Russia.

A limited cease-fire arranged Monday was punctuated by widespread artillery and missile attacks south of the Chechen capital, Grozny, and both sides have expressed doubts the new pact would hold.

Negotiations were to resume Friday. The Itar-Tass press agency said the Russian side was demanding that the Chechens disarm and surrender their weapons. It said the Che-

chens were demanding a complete Russian withdrawal.

The two sides agreed Monday to a partial cease-fire, for heavy weapons, and they ex-

panded the ban to all arms Wednesday. They also have said they will work out an exchange of prisoners and the dead.

## BRIEFLY EUROPE

### London Faults Union Aid

LONDON — Foreign Secretary Douglas Hurd of Britain attacked European Union aid programs to developing countries Wednesday as "diffuse" and "haphazard" and said London would reduce the amount of aid it channels through Brussels.

In a speech to the Overseas Development Institute, a research organization, Mr. Hurd said Britain was determined to limit the erosion of its bilateral aid caused by expanding EU programs.

Although some aid has been effective, he said, "We have less confidence in the real impact of some other EC programs, including emergency aid and the large sums going to Central and Eastern Europe and the former Soviet Union."

Britain spends a quarter of its aid through the EU. (Reuters)

### Fish Quota Protest Planned

STRASBOURG — The European Commission will formally object to a cut in the European Union's share of Greenland halibut catches, an official with the EU's executive body said Wednesday.

The protest will object to a quota set by the Northwest Atlantic Fisheries Organization on the Union's share of the catch off southeast Canada. It will be lodged by Tuesday, according to the official, who is a member of Fisheries Commissioner Emma Bonino's cabinet.

The multinational fisheries organization, which was formed to protect fish stocks in the northwest Atlantic, parceled out a 27,000-ton halibut quota for 1995 on Feb. 1. It gave EU nations 3,400 tons, instead of the 17,500 the Union requested, while Canada got 16,300. Russia received 3,200 tons and Japan 2,600, with the rest shared among other members. (Reuters)

### Rights Bog Russia Request

LONDON — Russia's bid to join the Council of Europe, suspended after its attack on the breakaway republic of Chechnya, will not be reactivated until Moscow agrees to abide by "basic rules and standards" of human rights, the head of the council said here Wednesday.

Referring to Russia's military intervention in the breakaway republic, the council head, Daniel Tarschys of Sweden, said, "We don't dispute that this is an internal matter for Russia."

"But even in handling internal matters, there are certain basic rules and standards by which member countries are bound," he said. If Russia

wants to be a member, he said, "it must abide by these basic rules."

"The whole convention on human rights," Mr. Tarschys added, "is basically about how you handle your citizens internally."

He said he hoped Russia could join, "but I wouldn't try to define a timetable." (AFP)

### Sweden Backs Turkey Pact

STOCKHOLM — Foreign Minister Lena Hjelm-Wallen of Sweden criticized Turkey's human rights record Wednesday, but said the abuses should not block its trade pact with the European Union.

Mrs. Hjelm-Wallen spoke after meeting with Foreign Minister Murat Karayalcin of Turkey during his one-day visit to Stockholm.

"He admits that torture is being used," Mrs. Hjelm-Wallen said. "But it's not enough to admit it, you also have to do something about it." (AP)

## Calendar

European Union events scheduled for Thursday:

BRUSSELS: Meeting of representatives from 70 African, Caribbean and Pacific countries and the European Union to finalize the midterm revision of the Lomé IV Convention, which runs through the year 2000, and to discuss EU financial aid.

BRUSSELS: President Jacques Santer of the European Commission meets the head of the German company Siemens, Heinrich von Pierer.

STRASBOURG: The European commissioner for information policy, Marcelino Oreja, addresses the European Parliament on the coming Group of Seven meeting on information in Brussels.

STRASBOURG: During a plenary session of the European Parliament, the Commission presents its declaration concerning the EU directive on "Television Without Borders," which was delayed Monday.

NANCY: The European ministers in charge of public office meet in this eastern French city to address opening national public offices to citizens of EU countries and to speak of cooperation in training for the modernization of administrations in Europe.

BRUSSELS: The joint commission between the EU and Slovakia will meet to prepare the accession of Central and Eastern European nations to the Union. Sources: Agence Europe, AFP.

## EUROPEAN TOPICS

### French Shake a Historic Aversion

The French have come a long way from the days when a bath was considered such an extraordinary event that the bather would stay in bed for a week afterward, wary of chills and infection (at least if he had the means, as Louis XIII and Louis XIV did). Or when, in the Middle Ages, even the wealthy might own only a single shirt, which they were loath to wash.

The change has been dramatic, says the weekly L'Express. As late as 1951, the Larousse medical guide suggested that "a bath or shower may be taken weekly." Today, the French take 5.2 baths or showers a week; they brush their teeth an average of 1.8 times a day; 9 in 10 wash their hands before meals. These figures place them solidly in the West European mainstream.

Indoor plumbing is more common now than even 20 or 30 years ago. But a constant pummeling on television and radio from soap and shampoo advertisers also played a part. "Sure, fine, we're clean now," grumbles Jean-Marc Lech, a sociologist who runs the Ipsos polling firm, "but they forced us to wash. The pressure was constant."

If the French long seemed allergic to soap and water, they had historical reason for it. The social scientist Georges Vigarello points out. When the plague struck Marseille in 1347, water was blamed. In the paranoia of the day, lepers, Jews and vagabonds were accused of poisoning wells, rivers and springs. Water supplies in the capital were notoriously bad until the 19th century, when Baron

Hausmann undertook a colossal upgrading of the system as part of his redesign of Paris.

### Around Europe

A case of too much democracy? The entire electorate of Switzerland will be going to the polls next year to decide on the fate of a commune of 70 inhabitants. The people of Vellerat want to leave Bern canton and join the canton of Jura, where they send their children to school, mail their letters and bury their dead. But to do so, a federal vote is required, followed by a Bern cantonal vote, a vote in Vellerat and finally one in Jura. The cost: more than 4.5 million Swiss francs (\$3.5 million), or about 65,000 francs per Vellerat resident. "It's madness," complained Mayor Pierre-André Comte, who said a simple written agreement should have sufficed.

Unwitting tourists who refuse to pay the sometimes exorbitant fares charged by Prague taxi drivers may be in for a shock: Some drivers have wired their rear seats. The number of taxi drivers in Prague has tripled since 1989, and abuses have soared as well. Last year, in a city-run sting operation, every cab driver sampled was found to be overcharging, by 4 to 10 times the legal fare. Meter-ripping is common, as are long detours.

The quality of invective heard in the British Parliament has sadly deteriorated, writes Peter Millar in The Sunday Times. Snarling references to fellow members as "dimwits" and "nitwits" show a distressing lack of imagination, he says; they would do well to hark back to Churchill's example. It was Churchill who gracefully managed to circumvent the strongest Commons taboo: calling someone a liar. After one speech by Aneurin Bevan, Churchill said: "I should think it was hardly possible to state the opposite of the truth with more precision."

Brian Knowlton



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NORTHWEST  
AIRLINES

## INTERNATIONAL

# China Touts Raids on Piracy

## CD Plants Targeted as Talks With U.S. Resume

By Steven Mufson  
Washington Post Service

BEIJING — China said Wednesday that it was widening its crackdown on piracy, targeting compact disc plants and other facilities in an effort to defuse threats of a trade war over the protection of intellectual property.

The official newspaper, the People's Daily, said that officials from the State Copyright Administration had raided several compact disc plants that Washington had accused of making bootleg copies of copyrighted music and videos.

The newspaper said teams sent from Beijing to the provinces of Guangdong and Jiangsu "carried out law-enforcement investigations of some laser-disc production lines." One plant, Dragon Arts Sound Co. of Guangdong's Zhuhai Special Economic Zone near Macao, was being prosecuted for wholesaling fake CDs and was stripped of its business license, the paper said.

The theft of intellectual property by Chinese companies is at the center of rising tensions between Beijing and Washington. American companies allege that the illegal copying of everything from music and movies to automobiles, computer software, razor blades and chemicals has cost them billions of dollars in sales.

China has responded that it is doing everything possible to control the problem, but that it needs more time because the piracy is so widespread. It has called U.S. demands excessive and labeled them interference in China's internal affairs.

The U.S. trade representative, Mickey Kantor, has announced that Washington will impose punitive 100 percent tariffs on \$1.08 billion worth of Chinese imports unless an agreement is reached by Feb. 24. The closure of at least some of the factories churning out pirated compact and laser disks has been one of Washington's prime demands.

A U.S. official said the raids were not discussed at the negotiating sessions Wednesday. The U.S. Embassy issued a statement that said the talks had been "frank and amicable" but added, "There are still a large number of issues to discuss and resolve."

Top officials from both countries had earlier expressed hope

that an agreement could be reached.

"I hope the spirit of these talks will be one of mutual benefit, mutual understanding and mutual concessions," Wu Yi, minister of foreign trade and economic cooperation, said as she arrived. "I believe and I hope that this time the talks will be successful."

"They can meet the demands," Mr. Kantor said Tuesday. "and they can meet them before the deadline." He added, "They need the will. I hope they have the will. This is not a new issue. They know exactly what they need to do. They know how to do it, the language is clear."

Among other things, Washington has demanded that Beijing ministries promise to stop their common practice of using pirated computer software.

China has said that if the United States carries out its tariff threat, it will retaliate with its own duties on selected U.S. goods and that it will block U.S. companies from obtaining new contracts in China.

In an apparent effort to soften U.S. demands, a Chinese automobile industry official told a newspaper this week that China had selected either Ford or General Motors over other automakers as the partner in a venture to make a family car for its domestic market. But the official said the deal was being held up because of the dispute over intellectual property. Chinese officials had said earlier that no deal on a new foreign-owned auto plant would be signed before next year.

Rather than lobbying the U.S. trade representative to soften demands made on China, U.S. auto executives have said they support his position in the piracy talks.

The People's Daily made no mention Wednesday of Shenfei, a Guangdong factory that U.S. officials say is the most flagrant violator of China's anti-piracy laws. Industry officials assert that Shenfei has flooded Asia with fake compact and laser disks, costing music publishers and Hollywood studios tens of millions of dollars in lost sales.

The raids described by the newspaper were part of a nationwide crackdown ordered in January by the State Council, China's cabinet, on the burgeoning market for unauthorized disks, many featuring top Western music and movies.

Police actions in 23 provinces yielded more than 357,000 pi-

rated recordings in the first 10 days of the raids, begun Jan. 13 and aimed at hitting pirates during what should have been a sales peak, the period before the Spring Festival, China's biggest holiday. More than 75,000 bootlegged CDs were among the seized goods, the People's Daily said.

The trade talks this week are the ninth round of negotiations with China over protection of intellectual property.

Despite tough talk from the United States over the copyright issue, Mr. Kantor's proposed tariffs affect a relatively small portion of trade between the two countries. The United States imports roughly \$30 billion worth of goods from China each year. One important item that would be affected by the proposed tariffs — winter apparel — will not be manufactured for several months, allowing more time for negotiations.

Moreover, the Clinton administration is proceeding with economic cooperation with Beijing in other areas. Energy Secretary Hazel R. O'Leary arrives in China on Sunday.



Foreign Trade Minister Wu Yi urging "mutual concessions" before entering talks Wednesday with U.S. trade officials.

## REACTOR: North Korea Raises Possibility of Scrapping Nuclear Accord

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yang's official press agency, KNCA, which is monitored in Seoul and Tokyo.

Secretary of State Warren M. Christopher said last week that the South Korean role was "fundamental" to the nuclear accord, and another senior U.S. official was quoted as saying that South Korea's "national prestige" was at issue.

A day later, Winston Lord, the State Department's top Asian affairs official, made a more explicit statement of the U.S. view, saying that North Korea was "going

to have to accept South Korean reactors, otherwise it will be a deal-breaker."

Mr. Lord also said he believed that North Korea would eventually "come around" and accept the South's role.

He is to visit South Korea on Feb. 22 to coordinate differences over the deal.

According to The Associated Press, the North Korean statement on Wednesday denounced the U.S. remarks, suggesting that the accord could fall apart.

"If this is the U.S. policy, it will compel us to change our decision," the spokesman was quoted as saying.

## ■ Birthday Party for Kim Jong Il

North Korea held a mass rally Wednesday to celebrate the 53rd birthday of Kim Jong Il amid indications that he may formally take power soon, The Associated Press reported from Seoul.

Prime Minister Kang Song San and other government and party leaders were said to have attended the rally in Pyongyang and sworn allegiance to Mr. Kim. The government had already designated the day as the nation's "greatest holiday."

## KABUL:

### Crusading Army

Continued from Page 1

most significant victory Tuesday in overrunning the headquarters of Gulbuddin Hekmatyar, the former guerrilla leader who became Afghanistan's prime minister after the Soviet withdrawal.

His Islamic Party, a prime recipient of U.S. aid during the Soviet occupation, has been a major source of weapons training for volunteers from other Muslim countries.

But he aroused fears among other tribal leaders, who succeeded in preventing him from entering Kabul. For the last three years, his group has been shelling Kabul from its Charasyab headquarters, 20 kilometers (12 miles) outside the city.

For many Afghan civilians, the Taleban offers relief from this brand of factional fighting.

Estimated to be 25,000 strong, the Taleban — its name means "religious students" — was founded among Afghan refugees in Pakistan. The nucleus includes former army officers, defecting guerrilla commanders and former mujahidin who quit fighting after the Soviets withdrew.

In the five provinces it controls, all bordering Pakistan, the Taleban has won popularity by cleaning up extortion, drug smuggling and sexual abuse by guerrilla leaders who have become warlords.

## Peru Cease-Fire To Be Monitored By 40 Observers

BUENOS AIRES — Argentina, Brazil, Chile and the United States will each send 10 observers to monitor a cease-fire between Ecuador and Peru in their border conflict, Foreign Minister Guido di Tella of Argentina said Wednesday.

But the four nations, all guarantors of a 1942 treaty ending an earlier war between Ecuador and Peru, will not send the observers until they are sure they will be safe, a Foreign Ministry spokesman said.

"Both sides will have to give guarantees," he said, detailing an announcement made earlier by Mr. di Tella.

Ecuadorian and Peruvian troops have maintained an uneasy truce since Tuesday after Peru declared a cease-fire to end almost three weeks of armed conflict. In Quito on Wednesday, Ecuador accused Peru of sending two armored divisions to the disputed border, an assertion Peru denied.

After a war in 1941 between the two countries, the 1942 treaty ceded nearly half of Ecuador to Peru. Ecuador later rejected the treaty, saying it had been pressured to sign by a United States eager to turn its attention to World War II.

## Foreign Ministry Aide Shot to Death in Algiers

ALGIERS — Bachir Bentayeb, 40, a Foreign Ministry official, was shot to death and his wife critically injured in an attack outside their home south of Algiers, press reports said.

In another development, Belkacem Fettab, 42, a member of the Islamic Revival Movement, was found dead Monday at a hotel in southwestern Algeria, a newspaper reported. The movement was one of those that took part in opposition talks in Rome last month.

## 5 Powers Push Offer On Serbian Sanctions

SARAJEVO, Bosnia-Herzegovina — Five major nations put forward a new Yugoslav peace proposal Wednesday, offering President Slobodan Milosevic of Serbia relief from sanctions if he renounces the goal of a Greater Serbia from the ashes of Yugoslavia.

The diplomacy had no immediate impact on the battlefields around Bihac, in northwest Bosnia. United Nations agencies struggled to prevent a humanitarian disaster in the encircled Muslim enclave, where fighting had blocked aid deliveries to the starving population.

The United States opened the way for the new initiative to Mr. Milosevic by the five-nation "contact group," which also includes Britain, France, Germany and Russia, by agreeing to offer Serbia relief from sanctions.

In exchange, Mr. Milosevic would have to recognize Bosnia and Croatia and face the wrath of Serbian nationalists — a tall order for a leader steeped in Serbian nationalism whose government long backed the Bosnian Serbs.

Diplomats say Mr. Milosevic's response will determine the future of a contact group's peace plan, which would split Bosnia-Herzegovina roughly in half between the Bosnian Serbs and a federation of Croats and the mostly Muslim Sarajevo government.

A senior French official is due in Belgrade shortly to put the initiative to Mr. Milosevic.

## MALI:

### Heritage at Risk

Continued from Page 1

tele with ever older and rarer objects. Just as Napoleon's Egyptian conquests stocked the great museums of France, the work of these diggers has often made its way into the Western world's most prestigious collections, with museums like the Smithsonian Institution having paid more than \$100,000 for single items.

A 1993 U.S. law now prohibits the importation of ancient Malian art, but on streets like the rue de Seine in Paris, home to a number of shops specializing in African art, a high-margin trade in Malian antiquities continues to flourish.

For Djenné and other art-rich areas of this country, the results have been devastating. Pottery shards litter the countryside around this town, a by-product of the unearthing of long-buried archaeological sites.

"As you can see, we are having a great deal of difficulty conserving this site," said Boucar Diaby, a Malian archaeologist involved in preservation efforts. "Between the looting of man and the ravages of erosion, this whole area could soon be destroyed forever. But it is the pauperization of the people that is the greatest threat to these objects."

"You can explain to the peasants here why they should help protect their heritage," he said, "but as long as the people are desperately poor, there will always be diggers."

Like many of those trying to protect their country's treasures, Mr. Diaby also blamed Western museums and other collectors, who he said have focused narrowly on their own needs, rarely helping African conservation efforts in the field.

"There is a big difference between public and private collectors," said Philip Ravenhill, curator of the Smithsonian's African art collection. "We do not gather this material as a profit-making investment, but to foster understanding of African culture. In museums like ours these items remain available for study and appreciation."

Mali's president, Alpha O. Konaré, an archaeologist who worked with Mr. MacIntosh on the excavation at Djenné, said that he understood the needs of great museums to build their collections, but that they also had an obligation to help poor countries like his build regional museums or do other things to help protect their heritage.

"They should seek out small partners, because it is on the ground here that this heritage must be saved," Mr. Konaré said. "Usually, though, after saying that they are interested, nothing more is heard from them. It seems that after spending fortunes on acquisitions, a sudden fear of spending money prevents them from acting."

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## IRAQ: Secret Oil Exports Foil Ban

Continued from Page 1

the sanctions imposed on Iraq have gone on too long and are putting strains on their economies because of the missed revenues from trading with Baghdad.

The export system comes at a time when dozens of international oil companies from France, Italy, Russia, Britain, Spain, Canada, Asia, and Latin America are said by executives to have concluded talks with Baghdad over plans to produce and export Iraqi oil once the sanctions are lifted. The aim is to increase Iraq's production over the next few years to 5 million barrels a day.

Baghdad is planning a major international oil conference on March 11 and 12 in which scores of representatives of the oil industry are expected to take part.

The Iraqi oil minister, Safa Jawad Habubi, confirmed his country's dealings with the oil companies in those countries when he told the Middle East Economic Survey, a Cyprus-based oil industry newsletter, in January, that these negotiations "produced contracts which will be implemented once the sanctions are removed."

Earlier this month, another oil-industry newsletter, Petrostrategies, published in France, quoted the chief executives of the two huge French international companies, Total and Elf Aquitaine, confirming they had completed a set of talks on a project to begin exploiting some of Iraq's largest oil reserves the moment sanctions are lifted.

Iraq ranks second after Saudi Arabia in oil reserves, with an estimated 100 billion barrels, the equivalent of 10 percent of the known global reserves.

Iraq's current oil production is estimated at 750,000 barrels a day, of which it refines a substantial part into products like gasoline, fuel oil and other derivatives, some for domestic use and some destined for the illicit exports.

Serge Tchuruk, president of Total, was quoted recently as saying: "If an opportunity arose to sign an agreement with Baghdad before sanctions are lifted, for implementation afterwards, we would do so."

The rush of French oil companies to seal deals with Iraq, oil industry executives say, receives encouragement from a French government that has fa-

vored for some time an end of sanctions against Baghdad.

The French government's view, oil executives say, is that after the Gulf war only the United States and Britain emerged as major trading partners with other oil powers in the Gulf, including Saudi Arabia and Kuwait, cutting France, Germany, Italy and other Western allies out of a bonanza of contracts for the purchases of oil, weapons and commercial construction in the region.

The United States has adamantly refused to consider a lifting of sanctions.

The Iraqis "are selling their oil at \$8 to \$10 per barrel," one oil trader in London said, noting that the price of similar oil from the Gulf region is closer to \$14 on world markets. "That's a big discount, which explains why many of us are willing to take risks to move that oil," he said.

Oil executives in London, Paris and Geneva confirmed that the Iraqi exports are well-advanced on three routes: by trucks from northern Iraq to Turkey and from eastern Iraq to Iran, and by small tankers that can sail close to the Iranian coast to avoid interception before they unload the oil into larger vessels near Dubai.

In the north, the Iraqi regime has made its deals with wide experience in finance and banking, have a healthy respect for each other. Therefore the shaping of Italy's destiny, at least over the next few months, could be largely a tale of two economists, of two men who are both more technocratic than overtly political, and who both command the respect of the financial community.

The Berlusconi camp, meanwhile, is rife with reports that Mr. Berlusconi, the volatile media tycoon whose seven-month-long government failed last year to achieve credibility in financial markets, might be willing to let Mr. Dini continue as prime minister after the next election.

A close adviser to Mr. Berlusconi said this week that the former prime minister had told friends he was "fed up" with being a lightning rod for criticism and was not ruling out the idea of leading his center-right coalition into the next election and then standing back to let Mr. Dini form a government of politicians rather than technocrats. The only problem with this scenario, as the same aide admitted, was that Mr. Berlusconi's ego might triumph over political logic.

The main obsession now in Rome, apart



Mr. Santer promising the European Parliament on Wednesday to consult more with it.

## ITALY: With Change at Hand, Rush Is On to a Two-Party Political System

Continued from Page 1

minister under Mr. Berlusconi, is pursuing his program of economic reforms. This includes an imminent \$11 billion minibudget aimed at containing the 1995 deficit, and a plan to reform Italy's bloated pension system.

The oddity is that Mr. Dini and Mr. Prodi see eye to eye on most major issues. The two, both economists with wide experience in finance and banking, have a healthy respect for each other. Therefore the shaping of Italy's destiny, at least over the next few months, could be largely a tale of two economists, of two men who are both more technocratic than overtly political, and who both command the respect of the financial community.

The Berlusconi camp, meanwhile, is rife with reports that Mr. Berlusconi, the volatile media tycoon whose seven-month-long government failed last year to achieve credibility in financial markets, might be willing to let Mr. Dini continue as prime minister after the next election.

A close adviser to Mr. Berlusconi said this week that the former prime minister had told friends he was "fed up" with being a lightning rod for criticism and was not ruling out the idea of leading his center-right coalition into the next election and then standing back to let Mr. Dini form a government of politicians rather than technocrats. The only problem with this scenario, as the same aide admitted, was that Mr. Berlusconi's ego might triumph over political logic.

The main obsession now in Rome, apart

from the thrill caused by Mr. Prodi's arrival on the scene, is the jockeying over the date of the general election. This is a matter that under Italy's constitution can only be decided by President Oscar Luigi Scalfaro. But the unusual prospect of a clear choice, between center-left and center-right, is also causing election fever.

Although Mr. Berlusconi and his principal ally — Gianfranco Fini, leader of the ostensibly ex-fascist National Alliance party — are insisting on June elections, the odds presently favor a national poll next October at the earliest.

The reasons for this include that the Dini government would have to resign by the end of April to make way for June elections, which might not leave enough time for it to fulfill its mandate. Also, the calendar is already crowded, with regional elections very likely to be held in April and a series of referendums scheduled in June.

Meanwhile, a prime question remains: What are the real policy differences between Mr. Prodi and Mr. Berlusconi?

Mr. Berlusconi presented himself last year as the author of a "new economic miracle" and the man who would create one million new jobs. He also said he would set up a blind trust to avoid a conflict of interest between his role in government and his control of Italy's three leading commercial television networks. He fulfilled none of these promises, and his administration ended after he was notified by Milan magistrates that he had been placed under investigation for alleged corruption at his Fininvest business empire.

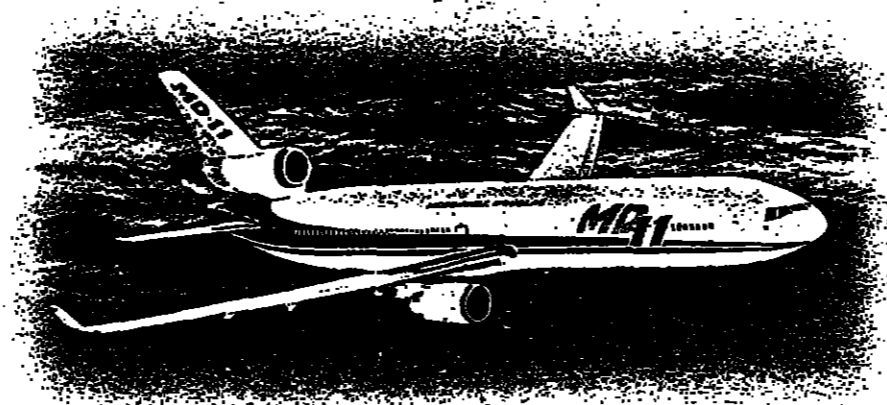
Mr. Prodi, reached by telephone Wednesday in New Delhi, where he was on a business trip, said he agreed with some of his opponent's ideas, such as pushing ahead with privatization.

But Mr. Prodi drew a sharp distinction between himself and Mr. Berlusconi on three key points. "First," said Mr. Prodi, "I would pursue anti-monopoly policies and I would not have any conflict of interest between my business and my policies. Second, Berlusconi thinks it is possible to govern Italy by dividing the country while I think Italy is like Germany, and needs a great consensus among social partners and not confrontation. And finally, I think Berlusconi cannot reform public administration because with Mr. Fini as an ally he is a prisoner of the old, corporatist traditions. I would reform the bureaucracy."

The differences between the two also can be seen from the way they borrow from U.S. and British politics. Mr. Prodi said he expected his center-left political grouping to resemble Britain's Labor Party under Tony Blair, the pro-business opposition leader. And Mr. Berlusconi this week presented the "Contract with America" presented by Newt Gingrich, the Republican who is speaker of the House of Representatives, by proposing a 10- or 12-point "Contract with the Italians."

Supporters of both Mr. Berlusconi and Mr. Prodi, meanwhile, have compared their leaders to John F. Kennedy, a sign that nostalgia for the golden age of American politics remains strong, at least in Rome.

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## EDITORIALS/OPINION

## Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Iran's Nuclear Helpers

It takes at least two to go nuclear these days, and in the most stressful and anxiety-producing case now working, there appears to be a match. The would-be nuclear power is Iran, whose bomb work is secret, and one of its helpers, although it denies giving any help at all, is Russia. China and Pakistan are also on this shameful suspect list.

The problem arises from the long recognized inadequacy of the Nuclear Nonproliferation Treaty. It is meant to lock the door to nuclear weaponry to new aspirants, but it may be helping the cheaters among them to pick the lock. This comes about from a treaty provision qualifying non-nuclear signatories for assistance with their peaceful nuclear programs. With the resulting skills and materials, countries so minded may pledge nuclear denial, open themselves to international watchdog inspections, openly press forward on a peaceful program and secretly put themselves within a year's or a single import invoice's reach of a bomb. This is what Iraq and North Korea were doing, and it is what Iran is doing now.

That the treaty is vulnerable to irretrievable claims of national sovereignty does not mean that it does not perform valuable global service. It does mean that other ways have to be found to tackle proliferation in the hard cases. The Israelis used a military option against Iraq in 1981, the United States a decade later. The United States and others are currently employing a diplomatic option in North Korea.

In respect to Iran, the United States and its allies, Britain, France, Brazil and India have closed off peaceful nuclear exports to Iran. But Russia, China and Pakistan have chosen to accept Iran's dubious and intelligence-demolished assurances of peaceful intent, and have signed nuclear cooperation agreements. The Russians, one eye on the money, are planning to construct electric power reactors for the Iranians. Radioactive spent fuel from such machines contains plutonium, a key component of nuclear warheads.

The United States has gone public with its pleas to Russia to turn off the peaceful nuclear spigot. Some in the U.S. Congress are threatening to turn up the economic heat on Moscow. Good. It is not just internationally irresponsible for Russia or any other nation to help another build a bomb. It is a national stupidity for Russia to put such a weapon in the hand of a notoriously defiant and willful regime on its very border. The United States should do what it takes to put some sense in Russia's head before it is too late.

—THE WASHINGTON POST.

## Genocide at Omarska

The Serbian-run Omarska detention camp in Bosnia became notorious in 1992 as the site of mass killing, torture and sexual assault of Muslims with the intent to drive them from northwestern Bosnia. The United Nations and the United States were slow to confirm what their own officials in the field reported, and were loath to call it by its proper name—genocide. Now a UN tribunal has brought formal charges of genocide against the camp's commander, Zeljko Meakic, and accused 20 other Serbs of war crimes.

So far only one of the indicted Serbs is in custody. Others remain at large in Serbia or in Serbian-held areas of Bosnia. The United Nations tribunal cannot try

them in absentia, but prosecutors can present evidence against any of the accused who fail to appear and establish a record of their crimes.

The reach of justice should not stop with those accused of these crimes, but should extend to political and military leaders who failed to prevent the violations or to punish those who committed them. That includes Serbian authorities who protect the accused from being brought to trial.

Some officials complain that the tribunal's actions might impede peace in Bosnia. They have to explain how peace is possible without justice.

—THE NEW YORK TIMES.

## Two Faces of Mexico

Mexico's near-term political future will be shaped by two events this week—the decisive opposition electoral victory in the state of Jalisco and the government's military drive against Zapatista rebel leaders in Chiapas.

The Jalisco results, which have been accepted by a ruling party once notorious for defrauding successful challengers, signals a step toward political pluralism. Jalisco will be the fourth and most important state to come under the rule of the conservative National Action Party since 1989. Chiapas, however, represents an ill-considered effort to solve political problems through military force.

Governments have the legal authority to suppress armed rebellion within their borders. But Americans have a right to question the wisdom of such a move. Given the Clinton administration's political and financial investment in the Mexican government, Washington should insist that President Ernesto Zedillo ensure respect for the human rights of civilians in the conflict zone and make every effort to reach a negotiated solution.

The army has now halted its drive to reclaim rebel territory, and so far there is no clear evidence of human rights abuses. Still, the army has restricted access to the area, raising suspicions. The issue needs monitoring, and the State Department did well to raise it publicly. According to its reporting, serious abuses took place when the government set out to suppress the Chiapas revolt last year.

The declared goal this time was to hunt down five top leaders of the revolt, including the ski-masked Subcommander Marcos—now identified as Rafael Se-

bastian Guillen Vicente. Two were captured before operations were halted on Tuesday. The guerrilla leaders are self-appointed revolutionaries who launched a violent insurrection in which at least 145 people were killed. But in the past year the Chiapas movement has developed a broad civilian base, including peasants who pressed their legitimate economic and social grievances under the Zapatista banner.

For the past year, the government and rebels have negotiated over issues like land reform, ending government aid to those most in need. Mr. Zedillo says he wants the talks to continue, and on Tuesday the ruling-party governor, elected in a disputed vote last August, resigned. That is a significant conciliatory gesture. But having broken a 13-month cease-fire, Mr. Zedillo may now have trouble re-establishing dialogue.

The government explains that it resorted to force only after it uncovered rebel arms caches outside Chiapas. More plausible is the theory that Mr. Zedillo, politically weakened after the recent peso crisis and rebellions within his own party, decided to look tough on the eve of the Jalisco election. By restraining its troops and resuming good-faith negotiations over peasant grievances, the government may be able to limit damage.

Meanwhile, honoring the opposition victory in Jalisco contributes to social peace. Once Mexicans come to believe that they can redress political and social grievances through the ballot box, the day of the ski-masked guerrilla will be over.

—THE NEW YORK TIMES.

## Other Comment

## No More ACDA, AID, USIA

Secretary of State Warren Christopher's proposal to eliminate three foreign policy agencies and merge them into a new, enhanced "Department of International Relations" was remarkably bold and innovative. Regrettably, after three weeks of frenzied lobbying the bureaucratic hierarchy managed to persuade Vice President Al Gore and his "reinventing government" team to reject Mr. Christopher's plan.

It is my intent to support Secretary Christopher against the bureaucrats who feel threatened by his long-overdue reorganization of Foggy Bottom. When the Senate Foreign Relations Committee takes up the State Department authorization bill, I will propose the elimination of

the Arms Control and Disarmament Agency, the Agency for International Development and the United States Information Agency and the merger of their functions into a single, coordinated and coherent foreign policy department.

As Secretary Christopher put it: "The current structure of the foreign affairs agencies developed in a world much different from today's. It must change to meet the demands of the next century." Secretary Christopher is right. He deserves the support of the president and vice president. They should reconsider the decision to kill the proposal and join in our effort to reinvent our foreign policy apparatus.

—Senator Jesse Helms, chairman of the Committee on Foreign Relations, writing in *The Washington Post*.

## Be Firm With Russia About Standards of Governance

By John J. Maresca

PARIS—If, after Chechnya, the West goes back to business as usual with Boris Yeltsin's Russia, it will be approaching Moscow's obvious turn toward dictatorship, retroactively financing the slaughter of the Chechen people, and encouraging other Chechnyas elsewhere.

Russia should not be isolated, but the West's relationship with it must be one of fixing standards for the behavior of a responsible democracy, and pressing Moscow to comply with them. Anything less is appeasement.

Those who believe, as Mr. Yeltsin apparently does, that the war was necessary to preserve the integrity of the Russian state are wrong. What the war has done is call the world's attention to the fact that there are peoples within the Russian Federation who are as colonized and subjugated as were the peoples outside Russia in the Soviet empire.

The war has put into question Russia's right to sovereignty over Chechnya. Sovereignty derives from the people; a nation cannot claim sovereignty over an area if it must annihilate the people there to exercise it.

The war has kicked off what promises to be a long and bitter anti-colonial struggle. Russia is not immune from the natural desires of colonized peoples to be free, even if it calls its territory a federation. And once those desires are aroused, they must be given fair treatment.

The lunatic Chechnya venture has destroyed much more than the city of Grozny. It has revealed that democracy in Russia is a sham. Russia is ruled autocratically and secretly, much as it was in the Soviet Union. Democracy is not just the holding of an election. It imposes limits on the personal power of any na-

tional leader, and sets standards for the behavior of governments.

Consider: ● Russia has broken every international human rights commitment by its unprecedented brutality. These are not only internal matters. They concern the rest of the world.

● The war has dealt a devastating blow to the shaky Russian economy. Russia cannot pay for the damage it has wrought, and the West should not retroactively finance this barbarism.

● The war has revived the world's worst fears of Russia. We must now ask ourselves where Moscow will strike next.

● The war has humiliated and angered Russia's military organizations. An army with a great tradition and pride should not have been used in this way. It will stoke further into sullen isolation and may yet retaliate against those responsible.

● The war has destroyed a whole city, its infrastructure and economy, in a nightmarish, personalized vendetta.

● It has created serious and long-lasting instability in a volatile area. The Chechens, with support from their neighbors, will carry out a long and bloody guerrilla war from their mountain retreats.

● It has profoundly exacerbated ethnic antagonisms throughout Russia and the region, and Russia in its weakness will not be able to cope with the results.

● And it has trashed whatever residual potential Russia had for a leadership role in the world. Boris Yeltsin has made Russia into a pariah state.

Foreign Minister Andrei Kozyrev has assured Warren Christopher that the war

will be ended quickly, that humanitarian relief will be permitted, and that "free elections" will be held in Chechnya when the hostilities are over. But what value do such "assurances" about ending the war have, coming from a government which broke so many of its treaty and other formal international obligations by starting the war in the first place?

The fact is that after Chechnya the world cannot give much credence to assurances coming from Moscow. In any case, what kind of free elections could be sponsored in Chechnya by a Russian government that has wantonly destroyed the place? What Western government can accept that kind of "assurance"?

There are standards for governance in today's world which all governments must respect. Maintenance of these standards is an essential part of a government's legitimacy. There is not some lesser standard for Russia.

Other countries cannot slip out of their responsibility for upholding those standards simply because Russia is a big country or is going through a difficult phase. Human rights, and the obligation of states to respect their international undertakings, are permanent values. To allow them to be ignored is to undercut and weaken them.

Western governments have a responsibility to be clear about this, and to send the message forcefully to Mr. Yeltsin—without the conspiratorial omissions and silences that we are currently seeing.

In concrete terms, this means that the credit arrangements for Russia that are currently under consideration must be suspended until the Russian war machine is withdrawn from Chechnya. Western taxpayers must not pay for this war.

NATO cannot proceed with a so-called Partnership for Peace with a Russia whose version of peace is Chechnya. To do so would be a farce.

If the Council of Europe has any self-respect, it must reject Russia's application to join. Today's Russia does not meet the stated human rights standards of that organization.

The Organization for Security and Cooperation in Europe should pursue its modest fact-finding mission to the area with much closer public scrutiny. And the issue should be broached in the United Nations Security Council.

For many years to come, Russia will be the scene of obscure struggles between those who would remake the country on a Western model and the dark forces of anarchy and repression that have haunted Muscovy throughout its history.

The potential dangers that could emanate from this vast space are many: possible spread of nuclear, chemical and biological weapons, or of conventional arms and mercenaries; powerful new mafias with even fewer scruples than those we already know; cruel military and paramilitary ventures on Russia's periphery; a full revival of KGB-type activities, and more.

It is clearly in the world's interest that those who favor a Western-oriented Russia win this epic struggle. The best way to encourage democratic tendencies, and to discourage destructive military adventures like the one in Chechnya, is to steadfastly insist on acceptable standards of governmental behavior.

The writer, a former U.S. ambassador to the Conference on Security and Cooperation in Europe, contributed this comment to the *International Herald Tribune*.

## Give Russia Secure Neighbors and Principled Targets to Meet

By William Pfaff

PARIS—A renewal of the war now seems more likely than not in Croatia and Bosnia. Russia, its war with Chechnya in an equally uncertain truce, is controlled by anonymous elements attached to an apparently ill-informed Boris Yeltsin who now enjoys the confidence of no more than 8 percent of the Russian public, according to polls.

The United States and Western Europe are divided over what policy to follow toward both Yugoslavia and Russia.

Washington and NATO refuse any serious security guarantee to Eastern Europe with the argument that this might strengthen the nationalists in Russia. The Czech Republic's president, Vaclav Havel, says that he fears a new Yalta.

The moment the West admits that certain Central European countries belong to Moscow's zone of influence and therefore have not the right to belong to NATO, a new Yalta will be accomplished. Mr. Havel says. He observes that his own

country, Slovakia, Hungary and Poland continue to be blocked from membership because of the West's fear of offending Russia.

"No one knows how the situation in Russia will develop," he told the *German weekly* *Der Spiegel* last week, "nor what unpleasant surprises may await us."

But Washington thinks that it can influence what happens in Moscow by continuing to support Boris Yeltsin the man.

It does not accept the idea that it, and the West generally, should set principled conditions for its friendship and assistance to Russia, and leave the conduct of Russia's internal politics to the Russians themselves.

If Russia's government wishes membership in the community of the leading democracies, the way is open. Russia is in control of what happens.

Strobe Talbott, the deputy secretary of state who is chiefly responsible for the Clinton administration's Russia policy, told a

Senate subcommittee last week that the United States opposes any "attempt to alter international boundaries by force, whether in the form of aggression by one state against another or in the form of armed secessionist movements" as in Chechnya.

This admirable principle, not applied in Yugoslavia, could still be made NATO's policy with respect to the rest of Eastern and Central Europe— but it seems that it will not be.

With time and patience, the Chechnya problem was eventually resolvable. Russia's use of force has turned it instead into a gaping wound from which neither country will recover for years. Surely this should have been Washington's warning to Moscow, instead of its recommendation that Moscow "limit any use of force to the minimum," which Mr. Talbott says was the actual message.

Why should any use of force have been given any endorsement? George Soros, whose sources in Moscow are good, says Mr. Yeltsin and his entourage took for granted "that they had Washington in their pocket."

Russia today is a society in which striking modernity and prosperity exist in isolation from poverty and suffering worse than the conditions during the last years of communism. The political system combines elements from the West with those which survive from Russia's pre-1989 political and economic society.

The struggle to change the country takes place inside administrations and enterprises, in combinations not adequately described in the terms current in Washington—"reformers" versus "nationalists," with "the people" in a position to arbitrate.

"The people's" arbitration could be violent. Something like the Romanian scenario of 1990-1991 cannot be excluded— militant miners storming Moscow's streets, with complicitors among the contending leadership. Russia's long revolution may not be over. In these circumstances, the West's present policy promotes instability.

Predictability and stability in the international environment are what Russia needs, and certainly what Eastern and Central Europe need.

If the countries which have been Russia's victims in the past, and for whose liberation the Cold War was conducted, believe that they now are secure and have a Western anchor, they will be easier for Russia to live with. If they are not given a solid assurance of their security by NATO and the West, they are going to look for it elsewhere.

If history is a guide, that could mean a movement toward pre-emptive accommodation to Russian uncertainties by Bulgaria and the Czechs, and trouble for Russia from the Poles, which in turn could destabilize Ukraine, already divided. There is a serious scenario for "nationalism" in Russia, and for a real crisis.

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## Identity Jolt for Egypt: It's Still Special, but Not as Special as Before

By Thomas L. Friedman

WASHINGTON—As Middle Eastern shouting matches go, the one last weekend at Blair House between Egyptian Foreign Minister Amr Moussa and Israeli Foreign Minister Shimon Peres was probably in the top 10, said one observer.

While their host, Warren Christopher, watched in pain, Mr. Moussa and Mr. Peres ripped each other apart. The Egyptian told the Israeli that Israel had started the 1967 war, fomented that Israel, with its nuclear weapons, still wanted to dominate the Middle East, and insisted that Israel was entitled to "normal" relations with Egypt, not a "special relationship."

Mr. Peres fashed back that

Egypt was trying to "destroy" the peace process, and with a voice rising in anger told Mr. Moussa that before Egypt got the whole Arab world riled up about inspecting Israel's nuclear facilities, Cairo should inspect Israel's.

The hapless Russian observer at the session, Victor Posavsky, listened to the shouting and said: "I thought relations between you two were more amiable."

Well, Victor, think again. There is a new rivalry for leadership of the Middle East, and it is between Egypt and Israel. Yes, 3,000 years after the Exodus, the offspring of Pharaoh and Moses are at it again.

Ever since Egypt signed its peace treaty with Israel in 1979, Egypt has worked to get more Arab states to make peace with Israel, primarily to ease Cairo's isolation in the Arab world for having been the first to walk the walk with the Jews.

Over time, though, Egypt discovered that its treaty with Israel was actually a source of status and money. Egypt became the interpreter and mediator between Israel and the other Arabs, and it became the Arab address through which the United States conducted its peace diplomacy.

Then came the handshake. Israel started dealing directly with

Yasser Arafat. Israel signed a treaty with Jordan without either country consulting Egypt (which drove the Egyptians crazy). And lately Israel has been forging economic ties with the likes of Oman, Bahrain, Morocco and Tunisia without anyone dialing Cairo.

The Egyptians aren't amused. They know that an Israel at peace with the Arab world is actually more powerful than Egypt. It has more to offer technologically, it has better entrée with the United States, and, because Israel's economy is bigger than Egypt's, Syria's, Jordan's and Lebanon's combined, it will dominate any Middle East common market.

So Egypt struck back. It started an Arab crusade to pressure Israel to sign the Nuclear Nonproliferation Treaty, which meant that Israel had to reveal its bombs in the basement or risk alienation from its new neighbors. Then the Egyptians put together a summit in Alexandria, with Syria and Saudi Arabia, where they flashed a yellow light to other Arab states thinking about normalizing relations with Israel.

After Israel and U.S. complaints, the Egyptians hastily arranged a kiss-and-make-up summit in Cairo with Jordan, Israel and the PLO, and then attended the Blair House session. But these were just 20-second time-outs.

where the Egyptians and Israelis made nice for the cameras.

Egypt is going through an identity crisis. It had hoped that peace would shrink Israel to its natural size. Instead peace has made Israel larger, by giving it diplomatic and economic opportunities in Asia and the Arab world that are making Jerusalem, not Cairo, the region's center of gravity. Peace is making Egypt smaller than its natural size, because it is no longer inflated by its diplomatic role and must now compete with Israel and other Arabs as a real country.

Egypt has a choice. It can try to reassert its leadership by spoiling everything it helped to build. Or it can recognize that Egypt remains special, in its standing with the United States, the Arab world and Israel, but just not as special as before—and learn to live with a medium-sized diplomatic ego, instead of extra large.

Egypt today cannot afford the Nasser model, where it leads by fighting the West, and it cannot sustain the Sadat model, where it leads by bridging to the West. It will have to find a new model for a new era. I don't know where Egypt's search for identity will lead, but I do know that the identity of the Middle East and the peace process will be heavily influenced by where it ends.

*The New York Times.*

## East Asia Looks Toward the Middle East

By Gerald Segal

JERUSALEM—Israeli arms sales to China, North Korea and China's help for Iran's nuclear weapons program; an Israeli prime minister visiting Oman and Japan—could it be that Samuel Huntington was right and that the Middle East and Asia are growing closer as alignments between different regions, religions, races and civilizations shift?

Not quite. Both areas are recognizing that the end of the Cold War and the rise of East Asian economic strength concern them, too—not just the developed countries of Europe and North America. These changes in the global balance of power, coupled with the difficult evolution of an Arab-Israeli peace, are creating opportunities and risks for the Middle East and Asia.

Perhaps the most obvious reason for change in the relationship is the anticipated impact of East Asian economic growth, especially in China, Japan, Taiwan and South Korea depend on the Middle East for about 75 percent of their oil. China is reported to have become a net oil importer in 1994 and will soon surpass Japanese levels of oil consumption. It is showing increased interest in ensuring sea access to the Gulf.

If oil prices rise, East Asian countries are likely to run major trade deficits with Gulf states. They will expect to continue to run trade surpluses with the developed world to balance their books.

Greater wealth among oil-rich states will allow them to buy

more military hardware, primarily from Europe and the United States, but eventually from East Asia. The risks of conflict in the Middle East are likely to grow.

East Asian governments show no signs of wishing to take an active part in keeping the peace in the region. The United States and Europe are unlikely to organize again the kind of multinational military operation they undertook to drive Iraqi forces from Kuwait. Erosion of measures to prevent the spread of nuclear weapons makes it more likely that there will be a stronger nuclear element to future Middle East tensions.

Israeli policy planners, looking beyond current difficulties in the peace process, see mixed blessings in a future filled with inter-Arab conflict. Muslim fighting Muslim, to them, is better than Muslim fighting Jew; the threats that Israel might face will be less direct and total. But Israel is uneasy as it thinks through the scenarios for conflict with a nuclear-armed Iran or Iraq.

Hence the seemingly perverse strategy of trying to stop North Korea from exporting missiles to Iran by offering to help the North Korean economy. Hence also Israeli assistance to various parts of China's defense industry to try to stop Chinese aid to Iran and Syria.

Israeli transfers of military technology to China have been worth several billion dollars in the past

decade. They included aviation know-how that made possible the Chinese F-10, a development of the Israeli Lavi jet fighter.

Israel realizes that an unstable Middle East will provide few peace dividends and that any gains will come from trade outside the region, including trade with Asia. Israel has toyed with the notion that somehow it has a special relationship with non-Islamic Asians, particularly ethnic Chinese in East Asia.

Islamic fundamentalism, although relatively new and mild in East Asia, has nonetheless started to shake the political order in Malaysia, Indonesia and China's Muslim regions in Central Asia. While there are tentative signs of a thaw in Israeli relations with Indonesia and even Malaysia, anti-Israeli rhetoric in Malaysia remains sharper than in the moderate parts of the Arab world.

Countries in Northeast Asia, which have few Muslims or none, have quickly abandoned the boycott of Israel.

So while interaction between the Middle East and East Asia becomes more intense, it also grows more complex and fragmented. Neither region has much history of sustained coherence or cooperation.

The writer, a senior fellow at the International Institute for Strategic Studies in London and director of Britain's Pacific Asia Program, contributed this comment to the *International Herald Tribune*.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

## 1895: Queen on Trial

NEW YORK—The steamer *Mariposa* brings news to Friday last [Feb. 8] from Honolulu. The trial of ex-Queen Liliuokalani on charges of conspiracy and treason against the Republic was drawing to a close, the prevailing impression appearing to be that she would be found guilty and sentenced to perpetual banishment. She absolutely refused to recognize the tribunal as possessing any right whatever to arraign or try her, and therefore would not appeal for clemency.

## 1920: No Answer Yet

BELGRADE—The Yugo-Slavs will not accept either the Paris Compromise or the London Pact. The Government will be reorganized next week to take a stand for the Wilson line as the minimum settlement of the Adriatic ques-

tion. This means that the Adriatic question is far from being settled, as the "Big Three" seem to think.

## 1945: U.S. Hits Dresden

LONDON—The United States Eighth Air Force, following up the Royal Air Force blows by 1,300 planes, sent more than 1,100 Flying Fortresses and Liberators to vital German communications and supply targets behind both eastern and western fronts today [Feb. 15] in what appeared to be another example of the new co-ordination of American, British and Russian attacks against the Wehrmacht. Lieutenant General James H. Doolittle sent more than 200 Fortresses to flaming, smoking Dresden, the capital of Saxony, and the base of the German army trying to check the Soviet advance from the Breslau area. Dresden had been hit three times previously in the last thirty-six hours.



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## OPINION/LETTERS

Clinton:  
A French  
Scenario

By Jim Hoagland

WASHINGTON — Bill Clinton has done much more than lay down a marker by threatening to veto Republican changes to the anti-crime legislation passed by Congress last year. In this fight he is also unveiling a re-election strategy for 1996 that borrows heavily from European politics. It is a risky strategy that depends to some extent on winning by losing — turning a position of weakness into a position of moral and political leadership. But it is probably Mr. Clinton's best shot, to recast himself as a national guardian resisting radical, frightening change that would increase social injustice and tension.

That is how François Mitterrand won his presidential re-election campaign in France in 1988, after losing control of his Parliament to conservatives in 1986. The Mitterrand model has been studied by Clinton advisers who cite it in conversation directly or reflect it implicitly.

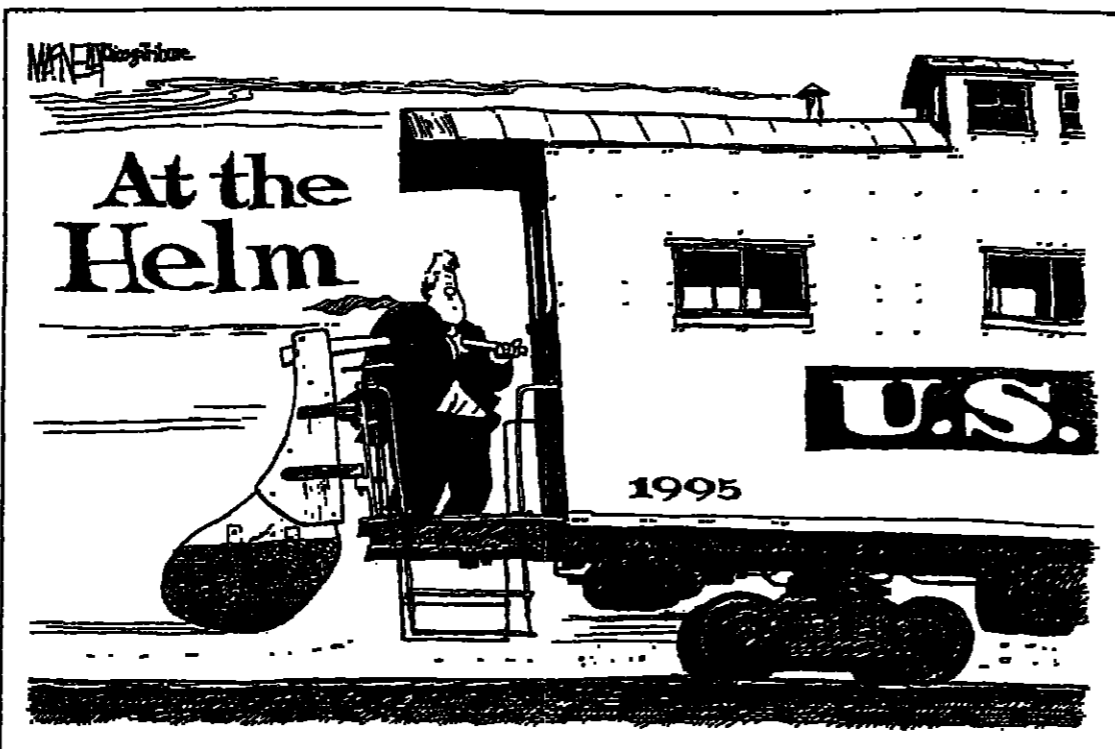
Listening the other day to Leon Panetta, Mr. Clinton's chief of staff, go down a list of economic and social benefits that the president will defend against Republican attack recalled for me listening to Mr. Mitterrand campaign in 1988 as the protector of the "social gains" that previous governments had enacted for the working and middle classes.

Mr. Mitterrand, elected as a Socialist reformer in 1981, metamorphosed into the candidate for continuity and stability and won a seven-year term in 1988. He was able to paint his conservative challenger, Jacques Chirac, as the agent of a change so uncertain and threatening that it was unacceptable, even to an electorate worried about the status quo and Mr. Mitterrand's record.

In becoming the Protector of 1996, rather than the Terminator of the 1992 campaign trail, Mr. Clinton also draws heavily on his own experience. His sudden drop in the polls in his first months in office demonstrated how limited the public's appetite for change can become when change brings dislocations.

Protecting the status quo is increasingly a comfortable position for political leaders who either style themselves or are perceived as coming from the left. It may confuse things ideologically, but that seems not to be an immediate political liability.

"It is only by not being an alternative that the left can become an alternative," Richard Falk, professor of politics at Princeton, grouches good-naturedly in conversation touching on the Mitterrand experience, the swing of Britain's Labor Party to the center and the slow dismantling of the welfare state under way in Scandinavia. But Mr. Falk, a man of the left, is not sanguine about the long-term effect that he believes such ideological con-



fusion creates in industrialized democracies. It accounts, he says, for the startling drop-off in voter participation that recent elections have brought in America and, significantly, in France.

Victories of the left built on centrist or right-of-center economic strategies are Pyrrhic victories, ultimately canceling out the political space that the left would normally occupy in a democracy. Leaders like Mr. Mitterrand and Mr. Clinton then have to find their legitimacy not by expanding their constituents' benefits and ambitions but by rallying their supporters around existing consensus on big social issues.

That is what the White House

seems to have belatedly realized in its battle to save Dr. Henry Foster's nomination to be surgeon general. It now attempts to make this a fight about a woman's right to "choice," while the Republicans, skittish about the abortion issue, go after the nominee's "credibility" as the issue.

Even if the nomination is rejected, Mr. Clinton can turn this fight to his advantage if he can make a vote against Dr. Foster seem like a vote against a woman's right to choose abortion. Dr. Foster could wind up being the Robert Bork of the Democrats, politically invaluable in defeat as a rallying point for the committed.

The American president has not thus far shown the extraordinary tal-

ent that the French leader has for dividing his opponents and setting them against each other. Developing that talent of division will be key to reuniting the 1988 French campaign in America.

So will the Republicans' choice of a candidate and a campaign strategy. Mr. Chirac chose confrontation and promises of dramatic change, and lost to a program of continuity sponsored by the left. Mr. Clinton should be praying for Phil Gramm or Bob Dole (rather than a conciliator like Lamar Alexander) as his opposite number in 1996 if he decides to take the Mitterrand route of getting ahead by standing still.

The Washington Post

## Bedside Lesson About the Moment

By Ellen Goodman

BOSTON — Our conversation begins as it always does. I come for a visit and find her sitting in her chair, looking out the window. I pick up the small microphone that dangles from the newest of her hearing aids and begin the ritual.

"How are you, Auntie?" I ask, as always. "Oh, I'm a hundred percent," she answers, as always. There is a pause while we share the echo of the ironic humor she has carried with her through life.

She says, as always, "Don't be in a rush to be 97." And I say, as always, "Well, all right, Auntie. I was going to rush, but I won't."

I sit down on the edge of the bed

## MEANWHILE

and take photographs out of my pocketbook. I show them to her one by one, a rogues' gallery of the nieces and nephews that she calls, happily, her "uglies." She smiles at each picture as if this were the first time she had seen it, although in fact I have brought this stack to her many times before.

Then she says in her precise diction, "Tell me what is going on in your world?"

I lean into the microphone as if it were a radio interview and tell my audience-of-one some stories. Where we've been. Where we're going. What we're doing. Stories that I have told her before.

Sometimes she will tell me, if I ask, tales I have heard before. Tales about a childhood in England, school in America, the longing for college, about her parents, her husband, a whole world that is now in the past.

On a good day she says, again: "I am just waiting to leave this planet, say that philosophically, not sadly." On a bad day she asks, again, "You

cannot help me exit, can you?"

We became family, Auntie and I, when she was much younger, which is to say in her 80s. I married the nephew who is more than a nephew to her — her prize, her lifeline — and began learning.

One day coming back from a family gathering, displaying my careful new-in-law manners, I said how pleasant lunch had been. She looked up and said — not unkindly, not sharply, but directly — "I thought it was boring." Laughing, I said to myself, "No shucking, Auntie. We're friends."

Now, we're losing her. Or rather, she is disappearing. What she calls in her own crude language "the diminution of my faculties" has continued in countless increments. Ears, eyes, legs. Hearing, sight, mobility. The fierce independence that characterized her life, the long walks, the daily bus trip to Burger King until she was 94. Gone, one by one, like chits she must turn in before being allowed through the door.

Her daily newspaper has given way to a large-type weekly. The names of relatives have dropped off her screen, like atrophied limbs. And then there is the rest of her memory. She lives in a narrowing time frame, a day that is repeated over again without a sense of yesterday or maybe this morning.

My husband, who shares her honesty and her humor, calls her life "Groundhog Day" after the movie about a man destined to endlessly repeat one day. Yet we are still her students. In her presence, we learn about time, about age, about letting things be what they are.

My husband will visit Auntie to-

morrow although she probably will not remember a day later that he was there. He doesn't go to chalk up a credit, just to be there.

I bring the photographs this Sunday, although she won't remember them the next.

I am no longer afraid that this ritual mocks her memory loss. I judge my act by her smile. I know now that the only way to be with Auntie is on her terms, in her time zone, in what the Zen philosophers call the now. So, for a while, at her side, I am keenly aware that life is always lived in the moments. Moment by moment.

In The New Yorker, biographer Edmund Morris wrote recently about visiting Ronald Reagan, about trying to make small talk with a man hollowed out by the crude, cruel tool of Alzheimer's. "About six months ago, he stopped recognizing me," notes Mr. Morris. "Now I no longer recognize him."

I hope this won't happen with Auntie or to Auntie, but it may. The long ending, with its certain destination and its uncertain timetable, is a melancholy affair. We begin to miss the people they once were while they are still, not wholly, here.

But sitting beside Auntie today, a companion to her leave-taking, I no longer see it as tragic or unfair. It simply is.

The Boston Globe

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## LETTERS TO THE EDITOR

## The Chechen Victims

In response to the report "Chechen Envoy Comes Up Empty-Handed in the U.S." (Jan. 30):

The unconscionable attitude of the United States reverberates grotesquely in the context of the recent commemorations of the Auschwitz liberation. Shall the world never learn? How can the killing of innocent people be anyone's "internal" matter?

D. H. STRUK,  
Sarcelles, France.

## A Shocking Sentence

In response to "Bhutto Is 'Shocked' at Child's Death Sentence" (Feb. 15):

Both advocates and opponents of the death penalty must feel profound shock at this report that the courts in Pakistan have sentenced two people to death for blasphemy, one of them a child of 14. The introduction and implementation of a criminal law of blasphemy, carrying a mandatory death sentence for blaspheming against the Prophet

Mohammed, constitutes a shameful blot on Pakistan's development of its common law legal heritage.

This news comes at a time when the Foreign Affairs Committee of Britain's House of Commons is convening an inquiry into the future role of the Commonwealth. If appeals against the death sentence fall in this case, cynicism will be the only possible response to future well-meaning comments on the shared values of Commonwealth members.

CATHERINE DRUCKER,  
Article 19,  
London.

## Re-Evaluating the Bomb

Regarding "Time to End This Assault on the Honor of a Nation" (Opinion, Jan. 26) by George F. Will:

Mr. Will is furious with the Smithsonian Institution for having had the gall to re-evaluate the bombing of Nagasaki and Hiroshima. He writes that if Bill Clinton would only denounce the Smithso-

nian for "assaulting the nation's values and honor," he would easily regain 10 points in the polls.

Mr. Clinton probably could increase his popularity by taking simplistic stands on this and other complex issues, by pandering to the white, male, conservative population — in short, by playing the demagogue. It is to his credit that he rejects such tactics.

Mr. Will should remember that Mr. Clinton is not a radio talk show host, nor a newspaper columnist. He is the president, and as such has a responsibility to the truth — even if it is complicated and unpleasant. America is tough. It can withstand a little soul-searching. Whitewashing, which is what Mr. Will suggests, is no answer at all.

JONATHAN TEPPERMAN,  
Geneva.

Regarding "Let Us Not Celebrate Einstein's 'One Great Mistake'" by Colman McCarthy (Opinion, Feb. 8):

When a definitive history of World War II is written, many decades

hence, it will record that, after the total destruction of Nazi Germany, the combined Allied force required a further three months to bring Imperial Japan to unconditional surrender.

It will be seen as perfectly logical that, in the course of attaining victory, the Allies used their most potent weapon.

A minor footnote may well allude to the fact that, among some, there was a belief that the atomic bombing of Japan was primarily intended as a warning to any would-be opponents in the aftermath of the war, specifically the Soviet Union. However, the sort of cult beliefs represented by Mr. McCarthy's preposterous article will not even merit a footnote.

ALAN FREEMAN,  
Nagoya, Japan.

## Israelis and Palestinians

Regarding "To Be Good Neighbors, Israelis and Palestinians Need Strong Fences" (Opinion, Jan. 30) by Thomas L. Friedman:

How can fences that jail a people

be a solution? It won't be long before a small group of Palestinians within Israel turn to acts of terrorism in the name of their people, for injustice seeks retribution. And then all Palestinian people within Israel will be suspect, and real apartheid could happen in this "democracy."

It is difficult for us Jews to think clearly about Israel. It is our "home" and, as with all peoples, our first inclination is to build fences to protect it. But Henry Siegman's very thoughtful article "Fight Terrorism With a Promise of Palestinian Statehood" (Opinion, Feb. 1) touches the issues we must acknowledge if we are to create long-lasting safety: the Palestinians must have a real homeland as quickly as possible, and official Israeli acts of aggression, such as building settlements on disputed lands, can only exacerbate the situation.

Until these issues are settled, no one can possibly know whether respect and tolerance are possible between our peoples.

JUDITH MARKOFF-HANSEN,  
Heidelberg, Germany.

The Middle East peace process was flawed from the start. Its enforcement should have been given to the United Nations. The expansion of Jewish settlements clearly dooms all chances for peace.

JOHN MOSCHAS,  
Athens.

In response to the editorial "Stay on the Peace Track" (Jan. 24):

Israel's people, if not its leftist government, have come to the realization that peace with the Palestine Liberation Organization is a non-starter. Israel's strength has assured its survival in an ocean of Islamic hostility and can continue to do so quite on its own.

Israel is America's only time-tested, reliable ally in the Middle East. The new Republican U.S. Congress is likely to stop pushing Israel to its national and strategic suicide, which would be deeply detrimental to U.S. interests.

FRED MANN,  
Geneva.

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## HEALTH / SCIENCE

## Study Finds Scores of Ailing U.S. Ecosystems

By William K. Stevens  
New York Times Service

**N**EW YORK — In the first full review of the health of the American landscape, a new federal study has concluded that vast stretches of formerly vibrant natural habitat, once amounting to at least half the area of the 48 contiguous states, have declined to the point of endangerment.

Although the plight of individual species has been the focus of public interest, the health of the larger interconnected community of plants, animals and microbes of which they are a part — the ecosystem, nature's functional unit — is perhaps more important as a gauge of vitality. The new report finds that scores of ecosystems, of widely varying types and sizes, have declined on a grand but largely unappreciated scale. If the remnants should vanish, say the authors of the study, species adapted to them would probably vanish as well.

Thirty of the imperiled ecosystems, including some that dominated and characterized whole regions before Europeans

landed in America, have declined by more than 98 percent of their area and are considered "critically endangered," the study found. Decline was defined as destruction of a natural area, conversion of the area to other land uses — agriculture, for example — or "significant degradation" of ecological character or function.

"We're not just losing single species here and there, we're losing entire assemblages of species and their habitats," said Dr. Reed F. Noss, one of three biologists who conducted the study for the National Biological Survey, a research unit created within the Interior Department in 1993. The new study is to be issued by the agency as a technical report within a month.

"Our results indicate that more biodiversity at the ecosystem level has been lost than is generally recognized in environmental policy debates," the authors wrote.

The findings have important implications for federal policy at a time when laws dealing with conservation, particularly the Endangered Species Act, are challenged by property-rights advocates and their conservative allies who now control Congress.

The concept of protecting whole ecosystems, rather than single species, is being increasingly emphasized by conservationists. It is embodied in a number of laws governing federal lands and in several public-private conservation efforts. It has also been promoted by Interior Secretary Bruce Babbitt as the Clinton administration's central strategy for keeping species off the endangered list while also accommodating private economic interests.

**B**UT the concept is under sharp attack by conservatives who see it not only as a threat to private property but also fear that the mere act of identifying habitats to be protected may reduce property values.

"We can bury our heads in the sand and say we don't want to be well-informed on these issues, or we can say we want to be well-informed and have a data base that gives us a logical rationale for making decisions," said Dr. J. Michael Scott, an author of the study who is a research biologist with the National Biological Survey. The third researcher was Dr. Edward T. LaRoe 3d, who died recently.

Among the largest of imperiled ecosystems, the study found, are the tallgrass prairies and oak savannas that characterized most of the Midwest before Europeans came to America, along with the original deciduous forests of the eastern United States and more than 60 million acres of longleaf pine forests that formerly blanketed much of the southeastern coastal plain.

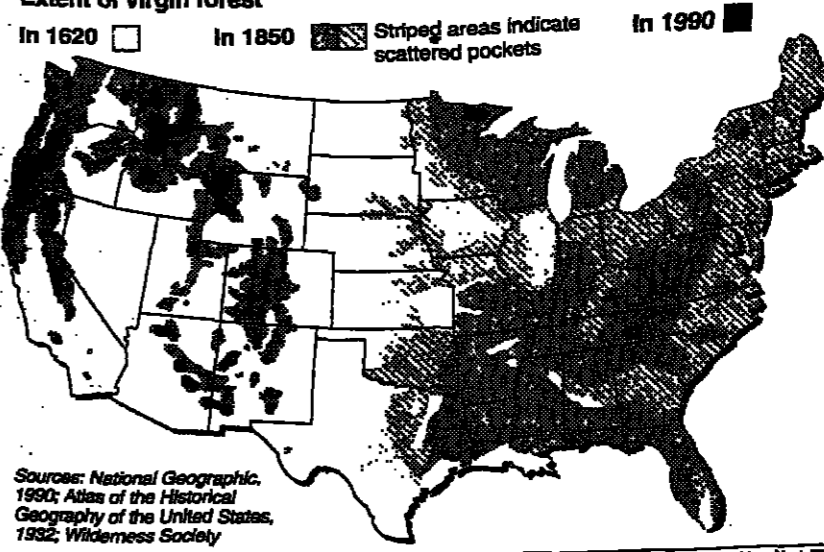
All of these, according to the study, are among the 30 such communities considered critically endangered.

Fifty-eight such areas have declined by 85 percent to 98 percent and are classed as "endangered," while 38 others have declined by 70 percent to 84 percent and are listed as "threatened." The 126 imperiled areas are concentrated most heavily in the eastern half of the country.

The survey sought to determine first what percentage of a given ecosystem had survived relatively intact; the remainder was judged to be either destroyed, degraded or both. The authors acknowledge that the data are incomplete and of "highly variable quality" and that some of their findings should be treated as hypotheses for further investigation.

## Disappearing Forests

Before the arrival of European settlers, a vast expanse of forest covered much of the country. As development has proceeded, all but a few pockets of virgin forest have been destroyed. Some forests are recovering but remain biologically impoverished.



## When Lyme Disease Infects Brain

By Jane E. Brody  
New York Times Service

**N**EW YORK — A young woman, whose doctor declined to identify her, thought she was going crazy. Suddenly, this once perfectly healthy college freshman developed severe anxiety, panic attacks, insomnia and loss of appetite.

A doctor and a psychologist at her college's health service recommended rest for what they thought were problems in adjusting to being away from home.

Forced to take a medical leave, she underwent an extensive examination that showed no abnormalities except one: evidence in her spinal fluid of infection by the spirochete *Borrelia burgdorferi*, which causes Lyme disease.

Only then did she recall having had a circular rash characteristic of Lyme disease months earlier, followed by a brief bout of headaches and unusual fatigue. At the time, she did not take these symptoms seriously and did not seek medical attention.

The young woman's case is among dozens reported in which the Lyme spirochete was the apparent cause of a wide range of psychiatric and neurological problems. Three months after receiving a six-week course of intravenous antibiotics to eradicate the spirochete, the woman felt better.

But a year later, more therapy was needed when the anxiety and panic attacks returned, along with musical hallucinations, déjà vu experiences and obsessional thoughts.

Although such extreme cases are rare, neurological problems resulting from Lyme disease are more common than realized by most doctors, who tend to look for the more characteristic arthritic conditions associated with the disease.

When Lyme disease is promptly recognized and properly treated, the overwhelming majority of patients recover

uneventfully. But often the initial sign of a bite by a Lyme-infected tick — a red circular rash that clears in the center — is not recognized. Only when more severe symptoms develop weeks or months later is a diagnosis and treatment pursued.

Meanwhile, within weeks of entering the body, the spirochete, a bacterium that resembles the organism that causes syphilis, can invade the brain and spinal cord.

At first, patients may develop meningitis, encephalitis or problems like pain or loss of sensation stemming from an attack on the nerves that emanate from the brain or spinal cord. But months or years may pass before the late signs of a neurological infection appear.

Once inside the central nervous system, the organism can wreak all kinds of havoc, from memory problems, moodiness and depression to hallucinations, panic attacks, paranoia, manic depression, seizures and even dementia. Memory problems are the most common sign of a brain infection. When the organism invades spinal nerves, patients may develop numbness and tingling in fingers and toes and pain radiating to the front of the body.

In rare cases, the spirochete may "unmask" an attack on the protective sheath of nerves, resulting in spastic muscle weakness in the extremities that resembles multiple sclerosis, said Dr. Allen C. Steere of Tufts-New England Medical Center in Boston.

Dr. Steere first recognized Lyme disease as a distinct disorder in 1975, and soon realized that it could cause neurological problems.

Dr. Brian Fallon, a psychiatrist at the State Psychiatric Institute in New York, recently reviewed the neuropsychiatric aspects of Lyme disease in *The American Journal of Psychiatry*, in hope of prompting his colleagues to consider the possibility of this infection when examining patients who might have been exposed to Lyme-infected ticks.

In Europe, where the disease is called borreliosis, patients commonly develop neuropsychiatric symptoms after being infected by the same spirochete that causes Lyme disease, Dr. Fallon said. But in the United States, arthritic symptoms are most common and many doctors still do not appreciate the threat to the nervous system.

Dr. Fallon said that up to 40 percent of patients with Lyme disease developed some involvement of the nervous system affecting either the extremities or the central nervous system.

He told of a 47-year-old man who experienced depression and memory problems, which responded to intravenous antibiotics. Symptoms recurred five months later, but he was not treated. He developed a dementia that required hospitalization and died a few years later. An autopsy found Lyme spirochetes in a degenerated part of his brain.

To be sure, extreme incapacitating effects of a Lyme infection are rare. But even the more subtle effects like depressed mood, memory problems and word-finding difficulties can be devastating to those who are afflicted.

Such patients commonly receive the wrong diagnosis or inappropriate treatment. Often they are shunted from one doctor to another. In addition to blood tests to antibodies to the spirochete, diagnosis of neurological Lyme disease may require a spinal tap, an electroencephalogram, magnetic resonance imaging, standard neuropsychological tests (for example, for memory, word association and depression) and a careful taking of the patient's health history.

Sometimes the treatment itself can cause a flare-up of Lyme disease, producing both physical and neuropsychiatric symptoms. But most often, when the presence of a Lyme infection can be established, treatment with intravenous antibiotics for four to six weeks results in a distinct improvement.

## Marrow Transplants: A Dilemma

By Gina Kolata  
New York Times Service

**N**EW YORK — Although many women with advanced breast cancer are convinced that bone marrow transplants are the best available treatment for their disease, and many of their doctors agree, scientists say the efficacy of the therapy is far from proved.

The National Cancer Institute is sponsoring three large national trials to study whether this treatment, a very high dose of chemotherapy followed by the transplant, is preferable to the chemotherapy regimens that are now standard treatment.

But so many women turn to this grueling, risky and expensive treatment that they are having a hard time enrolling participants. Scientists say they are worried that without proper studies no one will ever know whether the new treatment is actually better.

The problem is that the treatment the women receive in this kind of study is determined at random, with half getting the conventional treatment and half the experimental one.

Many women, faced with the unencouraging survival rates associated with conventional treatment, are unwilling to take the chance of being assigned to this group.

One researcher working on the issue, Dr. Karen Antman, came to Columbia-Presbyterian Medical Center in New York 18 months ago eagerly looking forward to playing a major role in one of the advanced

breast cancer studies. But she has been bitterly disappointed.

So far she has not enrolled a single woman in the national study. One of three sponsored by the cancer institute and involving data from hospitals around the country, it was designed to test the efficacy of a very high-dose chemotherapy.

Because this dosage destroys not only the cancer but the patient's bone marrow, the chemotherapy must be followed by a marrow transplant. When Dr. Antman tells women that if she is to treat them they must enter the study, they thank her and go elsewhere where they are assured of receiving transplants.

**T**HE women whom Dr. Antman is trying to recruit have cancer that has spread to at least 10 of their underarm lymph nodes. The best they can hope for with conventional therapy is a 40 to 45 percent chance of living for five more years. Transplants offer at least a hope of beating those odds.

"I can see from their perspective exactly why they want it," Dr. Antman said. But, she added, as a clinical researcher, she worries that without proper studies no one will know if the transplants are better than the standard treatment.

Her concern is that transplants are rapidly becoming the treatment of choice without the scientific proof that they are the best therapy. Under pressure from lawsuits, many insurance companies have agreed to pay for the treatment.

Medical experts say the situation is emblematic of the most troubling questions in clinical medicine today.

Most patients are forced to join clinical trials by being denied new treatments unless they participate. To whom can desperate patients turn when interests conflict?

And when a new treatment takes over before its efficacy is established, at what point should price become an issue? Marrow transplants cost from \$60,000 to \$200,000, while conventional chemotherapy runs about \$5,000 to \$25,000.

When the institute started this study and three others five years ago, researchers were confident they would be completed by now. Instead, it looks as if it will be years, if ever, before the answers are in.

Dr. Jeffrey Abrams, director of the studies for the institute, said that one had already fallen by the wayside because of low enrollment. Two others have enrolled only about half the women they need.

One, focusing on women whose cancer has spread beyond the lymph nodes, was begun in 1990 and needs 549 patients. It has 271. The study Dr. Antman is involved in began in 1991 and needs 429 patients but has only 234.

The fourth study is testing a slightly different regimen. Its directors recently decided they needed nearly twice as many women to get a decisive answer, and so that study, too, is far from its goal. It has 459 women and is now aiming for 800.

Last year it is estimated, more than 1,000 American women with breast cancer had marrow transplants outside of trials.

## BOOKS

**TREASON IN THE BLOOD: H. St. John Philby, Kim Philby, and the Spy Case of the Century**  
By Anthony Cave Brown. 677 pages. \$29.95. Houghton Mifflin.

**THE PHILBY FILES: The Secret Life of Master Spy Kim Philby**  
By Genrikh Borovik. 382 pages. \$24.95. Little, Brown.

Reviewed by David Corn

**K**IM PHILBY — until Aldrich Ames came along, no name was more cursed in the ranks of Western spying. During World War II and the heady Cold War years, Harold Adrian Russell Philby was a high-ranking member of the British intelligence service MI6 and a Soviet

agent. His exposure was shocking, particularly to the English elite: How could he? He was one of us, one of the old boys, Westminster, Cambridge. He had fooled, and betrayed, his class.

Out of his dedication to communism, Philby led an amazingly successful secret life from 1934, when he was recruited as a Communist agent at Cambridge, until 1951, when he fell under suspicion. A charming, bright fellow, Philby easily reached a spot in MI6 where he was steps away from being its chief and wreaked havoc on several intelligence services, including the CIA.

Anthony Cave Brown's thick "Treason in the Blood," the most definitive Philby biography yet, tracks Philby's treachery back to the womb, for, he asserts, Philby derived from bad seed. In fact, this book is a dual

## WHAT THEY'RE READING

John Hallyday, rock star, is reading "Of Mice and Men," by John Steinbeck. "I don't get much time to read these days, but this story is one of my favorites. I don't know why I like it. I suppose because it's a real classic: drama, love and violence." (Marcelle Katz, IHT)



biography that focuses on Philby and his father.

St. John Philby, also a product of Cambridge, left England in 1908 as a member of the Indian civil service to be one of the managers of the Empire. In 1915 he went to serve the crown in the Middle East and became an Arabist and a desert explorer, a rival of T.E. Lawrence. He fashioned a career out of defying the interests of London. And he was an intriguer, making off with official files, mishandling funds, conducting unauthorized correspondence. He scorned the geopolitical games of Whitehall, and left its service.

Though the history that Cave Brown has compiled suggests a genetic link to espionage, Kim would later explain. His Soviet recruitment simply. He had been motivated by his observation that in England the rich had become too damned rich, the poor too damned poor.

Cave Brown, who has written other well-regarded books on intelligence, tells the familiar and captivating story well. But when it turns to the vexing aspects of counterintelligence, Cave Brown's prose loses a portion of its usual clarity.

Among Philbyologists, Cave Brown included, there is speculation that the affair may have a deeply hidden dimension, name that Philby willingly or unwittingly served the British and U.S. services. From the start of Philby's career in MI6, the English had access to information that hinted at his Soviet connection. The simplest explanation for their failure to act on these leads is that the bureaucracy

screwed up. But perhaps MI6 used Philby to feed false information to the Soviets during and after World War II. Cave Brown hints at this, but the available evidence is not strong.

The suspicion-driven uncertainty of counterintelligence dominates another new contribution to the Philby bookshelf: "The Philby Files" by Genrikh Borovik, a Russian journalist and novelist who chairs the Peace Committee Office in Moscow. Borovik won access to the KGB file on Philby and has unearthed some whoppers. The Russians, according to these papers, initially recruited Philby because they believed, mistakenly, that his father was a British spy. Then they dropped him in the late 1930s and picked him up again only after they discovered that, on his own, Philby had burrowed into MI6. The true find of Borovik's archival digging is that Russian intelligence came to conclude that Philby was actually a true-blue British agent. How could the British be so incompetent as to not catch Philby and the others, wondered a Soviet counterintelligence expert. As Philip Knightley, an author of books on Philby, rightly notes in the introduction to Borovik's work, "Here we have the flaw at the heart of all espionage and confirmation of a theory I have long held — that most spying is useless because the better the information a spy produces, the less likely he is to be believed."

David Corn, Washington editor of *The Nation* and the author of "Blond Ghost: Ted Shackley and the CIA's Crusades," wrote this for *The Washington Post*.

## BRIDGE

By Alan Truscott

**O**N the diagramed deal Chip Martel as South had to struggle in five hearts after making a one-trump rebid showing strength. Lew Stansby's two-diamond rebid as North was an artificial game force, and four clubs was a splinter, showing a heart fit, short clubs and slam interest.

The diamond lead was won in dummy, and the closed hand was entered with a spade lead to play a low trump. West chose to play low, and South had no trouble after winning with the nine in dummy and establishing diamonds with a ruff. Two trump tricks had to be lost, but that was all.

It would have been much more difficult if West had won the third trick with the heart queen and led a spade. South could then have survived by double-dummy play, maneuvering a crossruff without drawing any more trumps. He would score two tricks in each side suit and a total of five ruffs, including a diamond ruff with the heart ace and a promotion of the heart jack en passant at a

**NORTH**  
♠ K 7 4 3  
♥ J 9 6 4  
♦ A K 8 3 2  
♣ —

**WEST**  
♠ J 8  
♥ K Q J 10 3  
♦ Q J 10  
♣ J 9 8 5

**EAST**  
♠ 10 8 6 5  
♥ 7 2  
♦ 7 6 4  
♣ Q 8 7 3 2

**SOUTH (D)**  
♠ A Q 7  
♥ A 8 7 5  
♦ 9 5  
♣ A K 10 4

Both sides were vulnerable. The bidding:  
South: 1♣, 1NT, 2♣, 3♣, 4♣, 5♣, 6♣, 7♣, 8♣, 9♣, 10♣, 11♣, 12♣, 13♣, 14♣, 15♣, 16♣, 17♣, 18♣, 19♣, 20♣, 21♣, 22♣, 23♣, 24♣, 25♣, 26♣, 27♣, 28♣, 29♣, 30♣, 31♣, 32♣, 33♣, 34♣, 35♣, 36♣, 37♣, 38♣, 39♣, 40♣, 41♣, 42♣, 43♣, 44♣, 45♣, 46♣, 47♣, 48♣, 49♣, 50♣, 51♣, 52♣, 53♣, 54♣, 55♣, 56♣, 57♣, 58♣, 59♣, 60♣, 61♣, 62♣, 63♣, 64♣, 65♣, 66♣, 67♣, 68♣, 69♣, 70♣, 71♣, 72♣, 73♣, 74♣, 75♣, 76♣, 77♣, 78♣, 79♣, 80♣, 81♣, 82♣, 83♣, 84♣, 85♣, 86♣, 87♣, 88♣, 89♣, 90♣, 91♣, 92♣, 93♣, 94♣, 95♣, 96♣, 97♣, 98♣, 99♣, 100♣.

West led the diamond queen.

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Germany D.M.	700	32	210
Great Britain £	210	32	65
Ireland £Ir.	230	37	68
Italy Lire	470,000	50	145,000
Luxembourg L.Fr.	14,000	41	4,200
Netherlands Fl.	770	40	230
Portugal Esc.	47,000	44	14,000
Spain Ptas.	48,000	41	14,500
Switzerland S.Fr.	55,000	33	14,500
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Switzerland S.Fr.	3,500	26	1,000
Switzerland S.Fr.	610	48	185

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	12 Month				Std				
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17 130er Thrift	46	123	17	16%	17	46	123		

FILED IN WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Source: † VIVA Surveys '92 / '93. \* Reader Survey '94.

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[illegible]

**Continued on Page 12**

# NYSE

Wednesday's 4 p.m. Close  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

12 Month				26							
High Low Stock				Div	Yld	PE	100s	High	Low	Later	Open
[Table content continues with multiple columns of stock data]											

12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Later	Open
176.19	230.00	20.00	1000								

12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Later	Open
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12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Later	Open
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12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Later	Open
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12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Later	Open
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12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Later	Open
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## MARKET DIARY

Dollar Is Mixed  
As It Weighs News

Compiled by Our Staff From Dispatches

**NEW YORK** — The dollar was mixed Wednesday against other major currencies, caught in a tug of war between rallies in U.S. stock and bond prices and Mexico's persistent financial crisis.

"The dollar followed the peso down in the morning and then focused on record highs in

**Foreign Exchange**

stocks to rebound, settling in the middle," said Tom Hoge, corporate currency trader at Bank of New York.

The dollar ended at 1.5095 Deutsche marks, up from 1.5088 DM on Tuesday. The dollar also stood at 98.350 yen, down from 98.535 yen.

The dollar finished at 1.2760 Swiss francs, up slightly from 1.2740 francs, and at 5.2385 French francs, up from 5.2268 francs.

The pound fell to \$1.5610 from \$1.5625.

Mexico's economic and political turmoil usually buries the dollar because of the close ties between the United States and Mexico, which is the third-larg-

est U.S. trading partner. The dollar rose to 5.94 pesos from 5.66 pesos.

Win Thin, an analyst at IDEA, said the dollar gains were largely due to the bond-market rally, but that those bullish effects were being offset by concerns about Mexico.

Weakness in the Mexican peso had led the dollar slump earlier despite the release of the January inflation and U.S. industrial output and capacity utilization figures, which suggested that the Federal Reserve Board was on the right track in controlling economic growth, they said.

"The picture is still bearish for the dollar," Mr. Thin said. Mr. Thin said the dollar's gains also were capped by the strength in the mark against other European currencies.

MMS analysts said the mark continued to benefit from political uncertainty around Europe, including Britain, where they said a split in the government over European policy were causing the pound's current weakness.

(AFX, Bloomberg, Knight-Ridder)

## STOCKS: Dow Hits New Highs

Continued from Page 13

worse than about 2.5 percent and maintaining economic growth at the same rate without recession.

"A soft landing is for soft minds," said Mr. Johnson. "You have to have a perfect world in which there are no pol-

## U.S. Stocks

icy mistakes, in which Congress doesn't increase the budget deficit and the Fed hits the bullseye of a moving target on both growth and inflation. It's a fairy tale. If it comes true, then both the bond market and the stock market are right, but one of them has to be wrong."

The day started with the Commerce Department's report that consumer prices rose 0.3 percent in January, partly because of special factors that brought a slight speedup from the 0.2 percent rate in December.

## Cyclical Shares Gain

The Dow drew strength from cyclical stocks such oil, electrical equipment, financial, chemical and paper stocks.

Advancing issues beat decliners by a 2-to-1 ratio on volume of 377.9 million shares on

the New York Stock Exchange. High-tech shares were mixed, with Hewlett-Packard Co. and Intel Corp. rising but Compaq Computer Corp. falling.

"The cyclical got hit over the head the past couple of months at the first sign of an economic slowdown and have rebounded with the market," said Grace E. Messner, an analyst at Wilmington Trust. "But they are not at their highs and it is difficult to ascribe leadership in this market. It depends on what the economy will do."

Hanson PLC's American depositary receipts were the most active NYSE issue, falling 1/4, to 18 1/2, after the British conglomerate said its first-quarter net earnings jumped 59 percent but warned not to expect "exceptional" growth for the rest of the year.

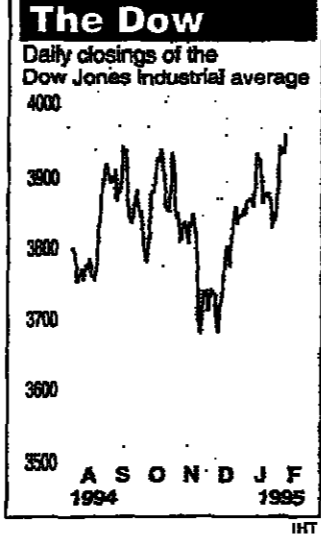
Telefonos de Mexico's American depositary receipts fell 2, to 29 1/2.

Auto stocks gained, along with other economically sensitive issues, as investors anticipated moderate economic growth with low inflation. Ford Motor rose 1/4, to 26 1/4, General Motors rose 1/4, to 41 1/4, and Chrysler rose 1/4, to 49 1/4.

(AP, Reuters, Bloomberg)

The Dow

Daily closings of the Dow Jones Industrial average



A S O N D J F 1994 1995

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## Dow Jones Averages

	Open	High	Low	Close
Indus.	7961.61	7977.75	7953.20	7964.17
Transp.	1334.57	1348.87	1335.50	1342.76
Comp.	1334.57	1348.87	1335.50	1342.76

## Standard &amp; Poor's Indexes

	High	Low	Close	Chg.
Industrials	2747.50	2739.50	2740.00	+1.50
Utilities	143.50	142.50	142.50	-1.00
Insurance	143.50	142.50	142.50	-1.00
Finance	143.50	142.50	142.50	-1.00
S&P 100	425.25	424.75	424.75	-0.50

## NYSE Indexes

	High	Low	Close	Chg.
Composite	2453.20	2441.80	2443.19	-1.01
Industrials	2453.20	2441.80	2443.19	-1.01
Utilities	2453.20	2441.80	2443.19	-1.01
Finance	2453.20	2441.80	2443.19	-1.01

## NASDAQ Indexes

	High	Low	Close	Chg.
Composite	794.40	789.90	792.30	-1.10
Biotech	794.40	789.90	792.30	-1.10
Software	794.40	789.90	792.30	-1.10
Hardware	794.40	789.90	792.30	-1.10

## AMEX Stock Index

	High	Low	Close	Chg.
Composite	449.35	447.37	449.35	+1.98
Gold	449.35	447.37	449.35	+1.98
Stocks	449.35	447.37	449.35	+1.98
Bonds	449.35	447.37	449.35	+1.98

## Dow Jones Bond Averages

	Close	Chg.
20 Bonds	151.30	+0.25
100 Bonds	151.30	+0.25
1000 Bonds	151.30	+0.25

## NYSE Diary

	Close	Prev.
Advanced	1484	1472
Declined	722	746
Unchanged	295	295
New Highs	54	31
New Lows	31	54

## NASDAQ Diary

	Close	Prev.
Advanced	1840	1790
Declined	1427	1561
Unchanged	1840	1790
New Highs	5130	5120
New Lows	65	67

## Spot Commodities

	Today	Prev.
Aluminum	1.50	1.50
Copper	2.10	2.10
Gold	380.00	380.00
Silver	1.10	1.10
Wheat	1.10	1.10
Corn	1.10	1.10
Soybeans	1.10	1.10
Crude Oil	1.10	1.10

## Market Sales

	Today	Prev.
NYSE	377.9	364.1
NASDAQ	344.7	345.2
AMEX	344.7	345.2

## EXPATS: New Tax Treatment

Continued from Page 13

the EU executive agency. But officials were at a loss to define the impact.

One commission official said there were no fewer than 210 potential tax regimes to cover the hundreds of thousands of workers residing in one EU country and working in another. Although there are many bilateral treaties that cover people who live and work immediately

across borders, there are numerous gaps that leave workers exposed to excess taxes.

In Germany, the government reformed its tax laws last year to grant family benefits to non-resident workers like Mr. Schumacher, but the court ruling will force Bonn to make changes granting such workers the favorable married person's tax treatment.

## INSURE: Firm Expands in China

Continued from Page 13

nies is a worldwide practice," said Ron Clarke, who helps design the policies in Shanghai.

But China also offers many advantages. It is not a litigious society. Accident claims are relatively modest by American standards and are often settled by negotiation. After a catastrophic fire in Xinjiang last October that killed hundreds of

schoolchildren, each family received about \$350.

As is often the case in the United States, the exclusion clauses leave plenty of leeway for the company.

As AIG builds up business, it also plays an unusual role in China: fund manager. Like all insurance companies, as it collects premiums, the company builds up a reserve or absorbs the money as profit.

## WORLD STOCK MARKETS

Agencies From Press Feb. 15

Country	Index	High	Low	Close	Chg.
Amsterdam	3500	3510	3490	3500	+10
Brussels	3500	3510	3490	3500	+10
Frankfurt	3500	3510	3490	3500	+10
London	3500	3510	3490	3500	+10
Madrid	3500	3510	3490	3500	+10
Paris	3500	3510	3490	3500	+10
Sao Paulo	3500	3510	3490	3500	+10
Singapore	3500	3510	3490	3500	+10
Tokyo	3500	3510	3490	3500	+10
Zurich	3500	3510	3490	3500	+10

Country	Index	High	Low	Close	Chg.
Amsterdam	3500	3510	3490	3500	+10
Brussels	3500	3510	3490	3500	+10
Frankfurt	3500	3510	3490	3500	+10
London	3500	3510	3490	3500	+10
Madrid	3500	3510	3490	3500	+10
Paris	3500	3510	3490	3500	+10
Sao Paulo	3500	3510	3490	3500	+10
Singapore	3500	3510	3490	3500	+10
Tokyo	3500	3510	3490	3500	+10
Zurich	3500	3510	3490	3500	+10

Country	Index	High	Low	Close	Chg.
Amsterdam	3500	3510	3490	3500	+10
Brussels	3500	3510	3490	3500	+10
Frankfurt	3500	3510	3490	3500	+10
London	3500	3510	3490	3500	+10
Madrid	3500	3510	3490	3500	+10
Paris	3500	3510	3490	3500	+10
Sao Paulo	3500	3510	3490	3500	+10
Singapore	3500	3510	3490	3500	+10
Tokyo	3500	3510	3490	3500	+10
Zurich	3500	3510	3490	3500	+10

## RJR Sets Dividend and Reverse Split

**NEW YORK (AP)** — RJR Nabisco Holdings Corp.'s board approved a dividend on its common stock Wednesday for the first time in more than five years and proposed a reverse stock split in which shareholders will get one common share for every five.

The conglomerate that sells Winston cigarettes and Oreos cookies said Wednesday it would begin paying a regular quarterly cash dividend of 7.5 cents on each share of its common stock on April 1 to shareholders of record as of March 10.

If approved by shareholders, the reverse stock split would reduce the total number of outstanding common shares to 272 million from the current 1.36 billion. The moves are designed to increase returns for shareholders, the company said.

## Job Cuts Cost Northrop Grumman

**LOS ANGELES (Bloomberg)** — Northrop Grumman Corp. said Wednesday its fourth-quarter loss widened to \$121 million from \$35 million in the year-ago period, mainly because of a charge related to job cuts.

The military contractor said the results included one-time charges totaling \$324 million, \$282 million of which was to pay for early retirement of workers. The rest of the charge was from the sale of excess real estate and other unspecified assets.

Revenue jumped 49 percent, to \$1.88 billion, helped by the acquisition of Grumman Corp. and Vought Aircraft last year. The results sent the company's stock up \$1.375, \$42.875.

"They did a great job," said Peter Aseritis, an analyst with CS First Boston. "They cut costs and got the margins cranking."

## U.S. Plugs Information Network Plan

**WASHINGTON (AP)** — The Clinton administration on Wednesday unveiled a plan for a worldwide network that one day would let people exchange all kinds of information with the same ease as placing an international telephone call.

"Such a network will enable Americans to communicate across national boundaries just as easily as communicating across state boundaries today," said Vice President Al Gore.

The plan urges other countries to open their telecommunications markets to competition and replace rigid telecommunications laws and regulations with flexible ones. The 49-page plan builds on a policy framework Mr. Gore laid out to international telecommunications policymakers last year.

## Kemper Bid Hurts Conseco Profit

**CARMEL, Indiana** — Conseco Inc. said Wednesday its profit from operations fell 35 percent in the fourth quarter, partly because of its sale of Western National Corp.

The insurance holding company said profit from operations fell to \$33.5 million from \$51.9 million a year earlier. Results also were hurt by the collapse of Conseco's plan to buy Kemper Corp. Conseco dropped its \$2.96 billion bid for Kemper in November as higher interest rates hurt Kemper's business and increased Conseco's cost of financing the proposed acquisition.

## Kmart Picks New Leadership Team

**TROY, Michigan (AP-DJ)** — Kmart Corp. on Wednesday named a new team of executives to lead the company to help revitalize its discount retail business.

The new executives will take over some of the responsibilities of Joseph R. Thomas, the current executive vice president of U.S. Kmart stores. Mr. Thomas will retire after a 40-year career with Kmart and its forerunner, S.S. Kresge Co.

Kmart, which has more than 4,000 stores, has struggled through eight consecutive quarters of disappointing earnings. The company recently saw its debt rating lowered by Moody's Investors Service Inc. for the third time in two years and by Standard & Poor's Corp. for the second time in a year.

## For the Record

**AlliedSignal Inc.** is to acquire the wheel and brake division of Budd Co.; the division had sales of about \$250 million in its last financial year. The companies did not disclose terms. (AP-DJ)

**Morrison Knudsen Corp.** is likely to give William Agee more than \$1.5 million in severance pay, while employees of the financially troubled company face layoffs. In the latest of several similar lawsuits, five shareholders sued both the company and its board of directors in an effort to deny Mr. Agee a generous severance package. (AP)

Country	Index	High	Low	Close	Chg.
Amsterdam	3500	3510	3490	3500	+10
Brussels	3500	3510	3490	3500	+10
Frankfurt	3500	3510	3490	3500	+10
London	3500	3510	3490	3500	+10
Madrid	3500	3510	3490	3500	+10
Paris	3500	3510	3490	3500	+10
Sao Paulo	3500	3510	3490	3500	+10
Singapore	3500	3510	3490	3500	+10
Tokyo	3500	3510	3490	3500	+10
Zurich	3500	3510	3490	3500	+10

## EUROPE

## U.S. Markets Draw Listings

## RWE Outlines Plans ASM to Offer a Stake

Compiled by Our Staff From Dispatches  
**ESSEN, Germany** — RWE AG said Wednesday its profit jumped nearly 26 percent in the first half of its financial year and that its stock would begin over-the-counter trading in New York soon.

The electrical power and industrial conglomerate said it earned a net 504 million Deutsche marks (\$331 million) in the six months to Dec. 31, up from 401 million DM a year earlier. Sales rose 18 percent, to 32.3 billion DM.

The fifth-largest industrial company in Germany said acquisitions and an improving chemicals business helped lift its profit.

RWE said it would trade its shares over the counter in New York as American depositary receipts, which are certificates issued by a U.S. bank and traded in the United States as domestic shares.

Bank of New York will sponsor its ADRs, the company said. The certificates should begin trading "by late March or April," said Thomas Klante, a spokesman for RWE.

Sales in the company's energy division rose to 10.6 billion DM in the first half from 9.3 billion DM.

RWE said its waste management division, which had a loss of 197 million DM in the 1994 financial year, had turned around and losses had "stabilized," although it was "not likely to break even" this year.

RWE also said it had joined with six regional utilities to bid for a German phone license. Mr. Klante hinted that RWE might soon reach agreement with AT&T Corp. to bring it into that alliance. He said the company was in "intense discussions" with several foreign telecommunications companies.

The German telecommunications market is to be opened to competitors against Deutsche Telekom AG in 1998. (Bloomberg, AFP)

## ASM to Offer a Stake

Compiled by Our Staff From Dispatches  
**EINDHOVEN, Netherlands** — ASM Lithography Holding NV, a subsidiary of Philips Electronics NV, will sell 11 million shares in an international public offering in mid-March.

The company has applied to list the shares on the Nasdaq trading system in the United States and on the Amsterdam Stock Exchange. It expects to price them at between \$14.50 and \$16.50.

The offering will consist of 3 million new shares, which could raise as much as \$49.5 million, and 8 million shares offered by Philips, which owns 95 percent of ASM. After the issue, Philips will hold a 62 percent stake in ASM.

ASM makes photolithography projection systems, commonly known as wafer steppers, a key component in the manufacture of integrated circuits. The company had sales of \$308 million in 1994 and employs about 800 people.

Philips said 6.6 million of the shares would be offered in the United States through a syndicate managed by CS First Boston and Morgan Stanley & Co.

The remaining 4.4 million will be sold internationally through a syndicate led by CS First Boston with ABN Amro Bank NV and Morgan Stanley as co-lead managers.

"There's more interest in high-tech stocks in the U.S. than in Europe so we have more possibilities there," said Willem Maris, chief executive of ASM.

Analysts said the company had picked an opportune time to offer the shares in light of the booming demand for semiconductors.

Herma Boom-Conradi of the brokerage concern Mees Pierson said that in 1994, international semiconductor sales were up 30 percent.

Maarten Verbeek of the brokerage concern Amsteld said the issue price was reasonable at about 19 times the company's 1994 earnings per share. (Bloomberg, AFP)

## Metalworkers Step Up Pressure for Raise

The Associated Press

**FRANKFURT** — Stepping up pressure on employers, some 200,000 metalworkers staged warning strikes and rallied throughout Germany on Wednesday to back their call for a 6 percent wage increase.

In Frankfurt, where the IG Metall union has its headquarters, 15,000 workers, some pounding drums, marched to the square in front of the city hall for a rally.

For two weeks, IG Metall has staged limited strikes to call for wage increases for 3.5 million metal and electronics workers.

Klaus Zwickel, chairman of IG Metall, said at the rally that unless employers made a reasonable offer by Monday, the union would call for a strike ballot.

"Either we get an offer, or there will be a strike," Mr. Zwickel said. A full-scale strike would have to be supported by a two-thirds vote.

About 70,000 workers took part in warning strikes in the northern coastal district Wednesday, including the port cities of Hamburg, Bremen, Lübeck and Kiel, the union said.

An estimated 100,000 metalworkers in 48 towns and cities in North Rhine-Westphalia briefly stopped work, the union said, and 15,000 workers in Baden-Württemberg joined in.

So far, employers have said they are willing to negotiate pay increases if workers agree to cancel going to a 35-hour workweek Oct. 1. A step-by-step reduction of the workweek was agreed to some years ago.

Mr. Zwickel said the 35-hour workweek could not become a part of talks this year because it only fulfilled an existing agreement. "We won't bargain on it," he said.

The last major strike by IG Metall lasted seven weeks in March and April 1984 and seriously disrupted the car industry.

The strike ended when the union won agreement to start a step-by-step reduction of the workweek. That strike reduced the workweek to 38.5 hours from 40 hours. Metalworkers currently have a 36-hour workweek, which took effect in 1992.

Last year IG Metall and employers reached a last-minute agreement for wage increases averaging 2 percent after workers had voted to strike.

## Inflation Posts a Rise In Britain

Compiled by Our Staff From Dispatches

**LONDON** — Inflation rose in January while unemployment fell to a three-year low, statistics released Wednesday showed.

Annual inflation jumped to 3.3 percent from 2.9 percent in December, the largest monthly increase since October 1992. Inflation is inching closer to the upper limit of the government's target range of 1 percent to 4 percent, and the Bank of England recently increased interest rates to try to keep prices from rising too quickly.

British unemployment in January fell to 2,389,700, or 8.5 percent, continuing a decline that has continued for a year. The seasonally adjusted unemployment rate for December was 8.6 percent.

The Treasury said Britain's recovery looked healthy and sustainable. "There is still a good deal of spare capacity in this economy," said Michael Portillo, employment secretary.

But business leaders were discouraged by other statistics that showed a seasonally adjusted fall of 0.9 percent in British retail sales in January, after a 0.5 percent increase in December. Average earnings rose 3.75 percent in 1994.

Analysts said that political wrangling over Britain's role in the European Union — including the degree to which it would go along with the increasing integration favored by some EU members — had unnerved financial markets.

(AP, Reuters)

## Germany Predicts Growth

Germany said it expected fourth-quarter gross domestic product growth to be higher than the 2.4 percent reported for the third quarter, AFX News reported from Bonn.

Germany's Economics Ministry said in its February report that the economy as a whole had good prospects for 1995, with demand for industrial products expected to be high domestically and abroad.

## Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2200	3300	2100
2000	3100	2000
1900	2900	1900
1800	2700	1800
1700	2500	1700
1600	2300	1600
1500	2100	1500
1400	1900	1400
1300	1700	1300
1200	1500	1200
1100	1300	1100
1000	1100	1000
900	900	900
800	700	800
700	500	700
600	300	600
500	100	500
400		400
300		300
200		200
100		100
0		0

Sources: Reuters, AFP

International Herald Tribune

## Very briefly:

- Philipp Holzmann AG said its 2.7 percent increase in orders in 1994, to 14.21 billion Deutsche marks (\$9 billion), reflected growth in Asia, the United States and Europe outside Germany.
- Kuwait is seeking suitable investment opportunities in Germany, especially Eastern Germany, the president of the Kuwait Investment Office said.
- Spain's balance of payments shifted to a surplus of 11.9 billion pesetas (\$91 million) in December from a 72.5 billion peseta deficit a year earlier.
- Finland's unemployment rate was 19.9 percent in January, and annual inflation was at 1.9 percent. Industrial output rose 11.2 percent last year.
- Thomson-CSF's revenue rose 6 percent last year, to 36.4 billion French francs (\$7 billion).
- Eridania-Beghin-Say SA said 1994 sales at the French sugar and food company rose 4 percent, to 51.21 billion francs.
- IRI Istituto per la Ricostruzione Industriale, a state holding company, has asked an investment bank to revalue the Italian government's remaining steel operations, which probably will delay their sale to Riva, a private steel group.
- Greece's unemployment rate is expected to surpass 10 percent this year for the first time ever, after joblessness reached 9.61 percent in January.
- Lyonnaise des Eaux Dumez SA said 1994 sales rose to 98.81 billion francs from 93.56 billion francs a year earlier.
- France's current account surplus narrowed to an adjusted 1.36 billion francs in November from 3.06 billion in October.
- Marz-Hachette SA's 1994 sales fell to 53.03 billion francs from 53.98 billion francs a year earlier.
- Electricité de France 1994 profit before remittances to the state rose 3.2 percent from a year earlier, to 3.2 billion francs. Sales fell slightly because of mild weather. AFX, AFP, Knight-Ridder, Bloomberg

## Club Med Sails to Profit In '93-'94 After Sharp Loss

Compiled by Our Staff From Dispatches

**PARIS** — Club Méditerranée SA said Wednesday it returned to profitability in its 1993-94 financial year after a record loss in the previous year, citing improved business in all markets.

The leisure company posted a net profit of 94 million French francs (\$18 million) for the year ended Oct. 31, reversing a 296 million franc loss in the previous year. Sales for the latest year were up 7.6 percent, at 8.76 billion francs, it said.

Club Med cited "the marked improvement of the company's performance on all of its markets, as reflected in the strong rise in the operating result," which rose to 370 million francs from 79 million francs.

Club Med said it would not pay any dividend, because it wanted to continue to pay down debt. (AFP, Reuters)

## Rosy Sales Forecast at Wellcome

Bloomberg Business News

**LONDON** — In an attempt to persuade shareholders to rebuff Glaxo PLC's takeover offer, Wellcome PLC on Wednesday predicted that sales of its leading products would grow by 36 percent over four years.

Wellcome said the projections, released in a "defense document," showed that Glaxo's £9 billion (\$14 billion) bid had undervalued it.

Analysts called the forecasts "optimistic" and said the document did not hint that Wellcome had found a bidder to counter Glaxo's offer.

"Frankly it is in Wellcome's interest to talk a good story," said Mark Clark, an analyst with Union Bank of Switzerland. "But it's all rather irrelevant. The most important thing is whether they can flush out a higher offer by Feb. 28."

Wellcome's largest shareholder, the Wellcome Trust medical charity, has until Feb. 28 to find a better offer before it is obliged to sell its 39.5 percent stake to Glaxo.

Trust officials appeared at Britain's High Court on Wednesday to get approval to sell its shares. The hearing, which is closed to the public, is expected to last several days.

A document filed by Wellcome with the U.S. Securities and Exchange Commission on Feb. 8 said the company had not been in negotiations regarding any bid that would rival Glaxo's.

An adviser to Glaxo expressed confidence that the company's bid would succeed.

"We have to assume for the moment there is no white knight," said Etienne Bottari, a director of Lazard Brothers & Co.

Mr. Bottari urged Wellcome shareholders to file their acceptances for Glaxo's offer before the March 8 deadline.

Glaxo's offer is now worth about 1,037 pence a share. Wellcome shares rose 10 pence Wednesday to 1,020, while Glaxo rose 4 to 644. "It is the only offer on the table," Mr. Bottari said.

## NASDAQ

Wednesday's 4 p.m.  
 This list compiled by the AP consists of the 1,000 most traded National Market securities in terms of dollar value. It is updated twice a year.

12 Month High Low Stock Div Yld PE 100s High Low Latest Chg

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## ASIA/PACIFIC

## Restructuring And Sales Growth Lift Sony's Net

Compiled by Our Staff From Dispatches

TOKYO — Sony Corp. said Wednesday that restructuring at its troubled movie subsidiary and better sales of its wide range of products helped consolidated net profit rise 50 percent in its latest quarter.

The consumer electronics and entertainment conglomerate posted group net profit of 25.2 billion yen (\$255 million) for the three months ended Dec. 31, up from 16.8 billion yen in the corresponding quarter of 1993.

Sales rose 7.2 percent to 1.14 trillion yen, although revenue from the movie business fell 11.4 percent to 76.3 billion yen.

Tsunao Hashimoto, Sony's deputy president, said cost-cutting and restructuring at Sony Pictures Entertainment, the group's movie-production arm, helped overall earnings. "We have cut a lot of red ink at Sony Pictures," he said, declining to give detailed figures.

Sony bought the U.S.-based Columbia movie studios in 1989 for \$4.9 billion, renaming them Sony Pictures Entertainment. The unit failed to produce a major hit last year, leading some executives to resign and prompting Sony to embark on a major restructuring.

Mr. Hashimoto said Sony's movie business was still unprofitable, although its loss was shrinking. "We are not certain when the movie business will turn profitable," he said.

Sony's main business of selling consumer electronics goods is apparently picking up. Mr. Hashimoto said sales of video equipment rose 3.4 percent in the quarter, while audio sales increased 4.5 percent and television sales grew 15.8 percent. He added that U.S. and Asian markets led the rise in sales.

Revenue from Sony's music business fell 4.1 percent to 158.5 billion yen, aided by good sales of records by Mariah Carey and Pearl Jam.

Analysts, meanwhile, said the company's fortunes would keep improving as demand picked up, despite problems at the movie subsidiary. "We see a recovery in Sony's underlying businesses continuing," said Barry Dargan, an analyst at S.G. Warburg Securities (Japan) Inc.

The strength of the Japanese yen prevented sales from rising even more. Sony sells 72 percent of its products to overseas buyers who pay in U.S. dollars that ultimately must be repatriated into yen. A weak dollar cuts into profit.

Mr. Hashimoto said the change in the yen's value between the third quarter of 1993 and the third quarter of 1994 cost Sony about 52 billion yen in revenue.

In November, the company said it expected a group net loss of 285 billion yen for the year ending March 31, on sales of about 3.92 trillion yen. Sony has not changed that forecast.

Sony shares closed at 4,570 yen on Japan's stock markets Wednesday, down 130. The stock has fallen 18.76 percent so far this year, compared with a 6.11 percent fall in the value of the Topix index of all listed Japanese stocks.

(Bloomberg, Reuters)

## Case of Investor Burnout? China's Power Projects Fail to Draw Funds

Bloomberg Business News

BEIJING — In a frank criticism of China's power industry, a U.S. banker has told a seminar here that foreign investors are going elsewhere because of low returns in China.

Jackson Tai, chairman of J.P. Morgan & Co.'s Asia-Pacific Management Committee, told the meeting on China power-project financing that China "has not been getting it right" in its attempt to attract foreign investment to the power sector.

Shi Dazhen, China's minister of the power industry, was in the audience. "The money exists, but it is moving to Indonesia, India, Pakistan, the Philippines and Malaysia," Mr. Tai said, according to a copy of his speech. "Investors want to invest in China, but it has been too difficult."

Some Asian power projects are offering returns of as much as 20 percent a year as countries battle to keep energy supplies rising in line with rapid economic growth. Beijing has not offered returns close to that amount. Mr. Tai's comments come as Hazel R. O'Leary, the U.S. energy secretary, arrived in Hong Kong for a 10-day visit to the territory and China. She is leading a delegation of about 60 U.S. executives and government officials involved in the energy industry. Mrs. O'Leary's mission hopes to net be-

tween \$4 billion and \$8 billion in deals, according to a press release from her office.

Mr. Tai of J.P. Morgan told the seminar that China's best method of raising foreign capital would be through power projects that were self-financing.

He said foreign investors would need two conditions met before investing: an "adequate" price for power and the ability to change yuan into foreign currency so that they did not take on foreign-exchange risks.

"If asked to take this risk, they will ask for a much higher return," Mr. Tai said.

China urgently needs to build more power plants, he said. "Every day that China delays the construction of infrastructure is a day when the people of China pay a cost," he said.

Mr. Shi, the power-industry minister, acknowledged that more work needed to be done on the Chinese side.

"Foreign funds are an effective supplement to our domestic capital for project financing," Mr. Shi said. "However, to introduce these, we need to introduce competitive bidding and put in place the legal and financial infrastructure needed to attract foreign capital."

Yao Zhenyuan, governor of the state development bank, said the bank had directed about 30 percent of its total loans of 82 billion yuan (\$9.7 billion) to the power industry.

## China Starts Taxing Property Gains

Bloomberg Business News

BEIJING — China launched a capital-gains tax on real-estate investment Wednesday after more than a year's delay but exempted projects signed before Jan. 1, 1994, and offered tax breaks to long-term developers.

"We have taken foreign developers' complaints that the tax was too high into account and outlined deductions that solve a lot of their problems," said Zhang Zhiyong, deputy director of foreign taxation at the State Tax Administration.

The land value appreciation tax — which taxes gains on property transactions at rates from 30 percent to 60 percent — will be levied immediately, implementing regulations published Wednesday in major Chinese papers.

The tax, designed to pour cold water on real-estate speculation, had been on ice since its initial publication at the start of last year. Foreign real-estate companies pulled back from China, fearing all developers would be hurt by the tax.

"We've had this hanging over us for 14 months; it must be positive to have this clarified," said Nicholas Brooke, senior partner at Brooke Hillier Parker, a consulting firm that specializes in property.

Hong Kong shares, led by real-estate companies, moved higher on the news. The Hang Seng index rose 3 percent, to 8,103.14.

Shares in New World Development Co., which has more than 40 developments in China, rose about 6 percent.

## Daewoo Says It Will Streamline

Compiled by Our Staff From Dispatches

SEOUL — Daewoo Corp., the South Korean trading group, said Wednesday it would undergo a major reorganization in a bid to give itself a leaner image and a larger international presence.

Kim Woo Choong, the group's chairman, said he would spin off seven subsidiaries and list three new units by 1997. "I decided on the sweeping reforms to separate ownership completely from management and to foster greater autonomy," he said.

In compliance with government efforts to encourage conglomerates to concentrate on core businesses, the Daewoo group has targeted five strategic business lines: automobiles, heavy industry, electronics and telecommunications, construction, and service industries (including trading and finance).




Daewoo, South Korea's fourth-largest conglomerate in terms of assets, said it would sell four of its companies, merge four others into two and give up a controlling stake in another.

Daewoo also said it planned to list Daewoo Motor Co., Daewoo Automotive Components Co. and Daewoo Information Systems Co. on the Seoul bourse by 1997.

Meanwhile, the Daewoo group was fined \$3.24 million Wednesday for having an excessive holding in Daewoo Heavy Industries Co., Korea's Fair Trade Commission said.

The 42 percent stake violated antitrust regulations, under which companies affiliated with South Korea's top 30 conglomerates are forbidden to hold more than a 30 percent stake in a sister firm. (Reuters, APX)

## Investor's Asia

Hong Kong		Singapore		Tokyo	
Hang Seng		Straits Times		Nikkei 225	
					
10000 9000 8000 7000 6000		2400 2300 2200 2100 2000		21000 20000 19000 18000 17000	
S O N D J F 1984 1985 1986		S O N D J F 1984 1985 1986		S O N D J F 1984 1985 1986	
Exchange	Index	Wednesday Close	Prev. Close	% Change	
Hong Kong	Hang Seng	8,103.14	7,862.67	+3.06	
Singapore	Straits Times	2,107.69	2,088.07	+0.89	
Sydney	All Ordinaries	1,842.90	1,834.80	+0.44	
Tokyo	Nikkei 225	17,991.00	18,138.47	-0.81	
Kuala Lumpur	Composite	979.28	972.99	+0.65	
Bangkok	SET	1,286.43	1,283.97	+0.19	
Seoul	Composite Stock	926.09	941.49	-1.64	
Taipei	Weighted Price	5,576.25	6,504.59	+1.10	
Manila	PSE	2,620.68	2,660.51	-1.50	
Jakarta	Stock Index	456.45	454.10	+0.52	
New Zealand	NZSE-40	1,967.97	1,967.46	+0.03	
Bombay	National Index	1,690.51	1,690.45	-0.53	

Sources: Reuters, APX

International Herald Tribune

## Very briefly:

• The Philippines' trade deficit widened 25 percent, to \$7.8 billion in 1994 from \$6.2 billion the previous year; total trade last year grew 20 percent, to \$34.67 billion from \$28.97 billion.

• Metro Pacific Corp., the Philippine unit of Hong Kong's First Pacific Co., said 1994 profit rose 29 percent, to 235.4 million pesos (\$9.4 million); the company's shares fell 3 percent, to 3.30 pesos.

• Giordano Holdings Ltd., the clothing retailer founded by the Hong Kong businessman Jimmy Lai, said 1994 profit grew 41.9 percent from 1993, to 195.3 million Hong Kong dollars (\$25 million). Sales rose 22 percent, to 2.9 billion dollars.

• Sun Hung Kai Properties Ltd. will raise 5 billion Hong Kong dollars through a syndicated loan to build an expressway in Hong Kong; HSBC Capital Ltd. and China Development Finance Co. will arrange the deal.

• Shanghai Tire & Rubber Co., China's largest tire producer, said 1994 profit would top 100 million yuan (\$12 million); the company had expected net profit of 290 million yuan. Shanghai Tire is considering issuing a \$120 million Eurobond this year.

• Tyson Foods Inc. and Great Wall Enterprises Co. of Taiwan, a producer of livestock feed and salad oil, were reported close to agreeing on a \$22 million joint venture to raise poultry in China. (APX, AP, Bloomberg, Knight-Ridder)

## Electronics Boost Profit At Canon

Bloomberg Business News

TOKYO — Canon Inc. said Wednesday its 1994 profit jumped 44 percent because of cost-cutting, higher prices on some products sold overseas and brisk sales of ink-jet printers and computer-chip manufacturing equipment.

The maker of cameras and office equipment said current profit, which is before taxes, rose to 53.9 billion yen (\$546 million) from 37.4 billion yen in 1993, while sales climbed 4 percent, to 1.078 trillion yen.

Canon said the yen's rise in value against other currencies cost it 62.7 billion yen in sales last year, but the company said it had more than offset that loss, primarily by selling 10.4 percent more computer peripherals, particularly printers, and 53 percent more steppers, which are used to make chips.

"The story of the year has been the continued explosive growth in the semiconductor-production equipment market," said Joseph Oeda, an analyst at Baring Securities Ltd.

Canon said it would spend 4 billion yen to increase production capacity for stepper units at a plant outside of Tokyo.

The company said improved quality and lower prices on its bubble-jet printers had led to increased sales.

## Thai Company Attempting To Sell Bumble Bee Tuna

Bloomberg Business News

BANGKOK — An executive from Unicorn Co., one of the world's largest tuna canners, said Wednesday the company was negotiating the sale of Bumble Bee Seafoods Inc., its unprofitable American unit.

The executive, who asked that his name not be used, said Unicorn's president, Dumri Kounutakiet, had held talks with several U.S. companies.

"There have been talks, but even we don't know if a buyer or price has been set," the executive said.

A Thai newspaper said Star-Kist Foods Inc., which is owned by H.J. Heinz Co. and Stokely-Van Camp Inc., a unit of Quaker Oats Co., were both interested buyers. The asking price for Bumble Bee is \$240 million, according to the newspaper Poodjagadarn.

"That price seems way out of line with what Bumble Bee is worth," said an executive in the fisheries industry. "They have on their books something like \$100 million in goodwill, and the brand isn't worth that."

Bumble Bee is the world's second-largest tuna brand, behind Star-Kist and ahead of Chicken of the Sea, Van Camp's main brand. Unicorn bought Bumble Bee in 1988 for \$280 million.

## HEWLETT: Personal-Computer Resurgence Gives Company New Life

Continued from Page 13

been, it remains a work in progress: Hewlett-Packard still lacks an entry in the fast-growing home computer market and is racing to make up for lost time in that segment.

In retrospect, the company's earlier underperformance in PCs is hardly mysterious. Hewlett-Packard's personal computers were robust and reliable, but they were priced 25 percent higher than comparable models from IBM and Compaq Computer Corp. — and at the time, those companies were losing market share to second-tier clone machines from vendors like Dell Computer Corp. and Gateway 2000 Inc. that were priced 25 percent lower yet.

Moreover, most of Hewlett-Packard's PC sales were through its direct sales force when the bulk of the industry was selling through stores and mail order.

Today, of course, the architects of the turnaround at Hewlett-Packard are quick to concede their mistakes. "The product had been wrongly positioned, in the wrong channels and at the wrong price points," said Richard C. Watts, vice president and general manager of Hewlett-Packard's personal-information products group.

The PC "was a convenient terminal on which we could make a few more bucks — a big mistake," he said. "It took us a long time to figure out some fairly fundamental rules of the game."

Enumerating those rules was the easy part, said Mr. Watts,

who succeeded Robert J. Frankenberg, now chief executive of Novell Inc., as head of the division last year.

Rule No. 1, said Mr. Watts, was that prices had to come down. Rule No. 2 was that the company had to convince dealers that Hewlett-Packard was a serious contender. And No. 3, perhaps the hardest, was that the company had to find a way to differentiate its products from what was increasingly thought of as a commodity. The difficulty, of course, lay in the execution.

Many of the PCs that Hew-

lett-Packard sold before 1992 were purchased by companies that had adopted its large computer systems. In those mini-computer and small main-frame-class machines, Hewlett-Packard was a technology leader.

Some loyal users of those machines might be persuaded to pay a premium for Hewlett-Packard's PCs, but they could hardly generate the sales necessary to be a leading participant in the PC business.

Still, leaving its home turf for the rough and tumble of the broader PC market required a

small rebellion within the company. "I was under pressure from some H-P managers to go into highly differentiated niches, but when you do that, there is not much volume," said Jacques Clay, general manager of Hewlett-Packard's personal computer division, which is based in Grenoble, France. "So the first thing I did was to take us back into the price-sensitive broader market."

Basing the desktop business in France reflected both Hewlett-Packard's historic strength in the European market and its belief that its growth would be increasingly global.

It is with profound sadness that we mourn the passing of our Chairman and dear friend

Gottfried von Meyern-Hohenberg

His guidance, wisdom and insight will be deeply missed

Laidlaw Holdings, Inc.

## Herald Tribune

THE WORLD'S DAILY NEWSPAPER

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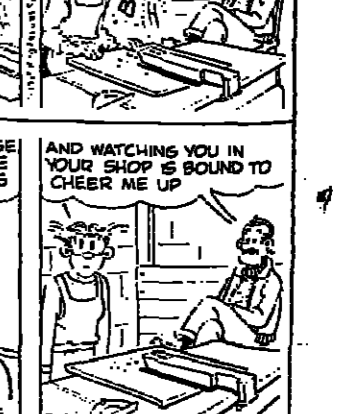
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## ART BUCHWALD

## Expert Advice on O. J.

WASHINGTON — Since the O.J. trial will be going on for such a long time, I decided to hire my own legal expert to sit in my living room and discuss the case with me. I did this because I don't trust any of the TV commentators, and it's nice to have your own lawyer to explain the intricacies of the trial.



Buchwald

John Kasper is one of the top criminal lawyers in the country. He usually charges \$500 an hour but agreed to cut his fee to \$450 because I was a pro bono case.

We were watching the defense cross-examine a male prosecution witness.

"Why are they asking him if he ever pushed his grandmother down the stairs in his wheelchair?"

"They have to destroy the person's credibility," John said, "and the only way they can do that is to put him on trial instead of O.J."

□

"That seems unfair," I told John. "All the witness is trying to do is be a good citizen and testify about what he found in O.J.'s car."

"As far as the defense is concerned, anyone who appears on behalf of the prosecution is a war criminal. That's why they

ask questions such as how many quarts of alcohol he consumes on the job, where he buys his marijuana, and why he only goes to movies with call girls. The defense must persuade the jury that the witness is a pervert and a menace to society."

I said, "How do you think these tactics are playing with the jury?"

"I don't think that O.J.'s lawyers have persuaded them up until now. On the other hand, the defense has yet to bring up the witness' habit of wearing Victoria's Secret lingerie under his police uniform."

"Does he?"

"No. The judge will strike the question from the record, but that would be after the jury heard it, which is the defense's intent."

□

"Is the prosecution equally determined to destroy someone's reputation for life?"

"Almost the same. In order to be successful, lawyers have to keep shooting the other side's witnesses in the groin."

I asked John if he ever felt bad when he threw so much mud at the other side's witnesses.

"Of course not. When witnesses agree to tell the truth, the whole truth and nothing but the truth, they're asking for trouble."

"How do you think the trial is really going?" I wanted to know.

John replied, "I believe that the defense is doing a good job of distracting the jury from the facts of the case. What they really want to do is get Judge Ito so mad that he'll say something to cause a mistrial. But that may not happen for a while. The only reason the state has been polite to those testifying is that they are all state witnesses. Once the defense witnesses take the stand, the district attorney will dump DNA evidence all over them. That's the way the justice cookie crumbles."

## Part of Uffizi Is Reopened

Reviews

FLORENCE — The works of more than 60 contemporary artists have gone on display in the Uffizi Gallery to mark the reopening of a room in the museum that was damaged by a bomb in 1993. The bomb, which officials attributed to the Mafia, killed five people.

## Paul Bowles at 84: The Permanent Tourist

By David Streitfeld  
Washington Post Service

ATLANTA — Don't look up. Above this unremarkable condo development is a sky the color of skim milk. It's a blah sky, useless, a heaven that offers neither solace nor inspiration. A man might be tempted to give up under such a sky, especially if he is in his 84th year and crucial parts of his body no longer function.

It's a seductive thought, surrendering. Just about the only thing that keeps Paul Bowles going is the knowledge that in three days he will be returning to Morocco, where the sky is so expansive and beguiling and blue that it sometimes seems possible, even desirable, to lose oneself in it.

Will he ever come back to the United States? "I hope not," he says.

Not even for the Paul Bowles Festival, planned to be held here in the spring of 1996?

"Maybe I'll be too ill," he said. "I hope so. Anything to keep from coming."

Until medical emergencies forced two trips in quick succession, Bowles had not been to America in 26 years. But America came to him. For nearly half a century, the novelist and composer has been one of the most famous American expatriates, his apartment in Tangier a required stop for anyone with literary pretensions traveling in North Africa.

Bowles has been associated with many of the important literary movements of the century, from Paris in the '20s to the Beats in the '50s to the small press underground of the '70s. He learned music from Aaron Copland and Virgil Thomson, was practically adopted by Gertrude Stein, had his last name appropriated by Christopher Isherwood to memorialize a certain cabaret singer named Sally, shared a house with W. H. Auden, wrote music for theatrical pieces by Orson Welles, Jean Cocteau, Lillian Hellman and Tennessee Williams. Bowles knew everybody, back when people were worth knowing.

He went everywhere — Central America, India, Mexico, Paris, Bangkok, Istanbul and, repeatedly, his beloved Sahara. The first time he saw the desert, he "had a big desire to keep going."

"That's the main thing — to continue and continue," he said. "I didn't ask what would happen. I didn't think anything would happen. I just thought I'd see more and more. I'd feel more and more. And finally, of course, I'd have to return."

It's a trip that few of his characters make successfully. In Bowles's first and most famous novel, "The Sheltering Sky," the desert kills the young American hero, Paul, and drives his wife, Kit, mad.

While never quite this dramatic, equally unfortunate things happened to Bowles's friends and acquaintances in Morocco. His wife, Jane, to take only the most prominent example, never recovered from the crippling stroke she suffered at age 40. There have always been allegations that Jane's lesbian



The first time Bowles saw the desert, he "had a big desire to keep going."

lover, Cherifa, had poisoned her, something Cherifa had threatened to do.

"Many of my friends — and not just them, other people I knew — came to Morocco and either committed suicide or went crazy," Bowles says. "It's a place that destabilizes people."

He attributes his survival to "good luck," yet surely there's more to it than that.

In February 1911, when Bowles was 2 months old, his mother's mother found him lying in a basket on the windowsill, window open and snow coming down. Had she not rescued the infant he would have been dead within an hour. That, at least, is what she told the boy a few years later.

Paul was the only child of Claude, a dentist, and Rena, a charming, outgoing poet and culture maven. The writer's earliest memory, he once told a friend, was his father switching his bare legs because he couldn't go up the stairs fast enough.

By the time he was 17 he had published poetry in the magazine transition, somewhat equivalent to being published in The New Yorker today. By 19, he was living in Paris and had embarked on the first stage of his career as a composer.

While this brought him a certain acclaim in musical circles, the wider world first heard of him in 1949 with the publication of "The Sheltering Sky."

Other books following in rapid succession estab-

lished Bowles as one of the leading postwar writers. But in the '60s, when he concentrated on translating Moroccan writers into English, he was forgotten. In the '70s and '80s, the work was republished; rediscovery and reevaluation followed. By 1990, when Bernardo Bertolucci filmed "The Sheltering Sky," he was a classic.

These days, Bowles is approaching the literary equivalent of canonization. In the past year and a half, there's been a fine anthology of his work titled "Too Far From Home," a book of photographs of the Sahara with essays by Bowles, a volume of Bowles's own photographs, a collection of his letters and a Penguin Portable split between the work of Bowles and his wife. There's also been a film documentary, an interpretative biography, a book of interviews and a study of the short fiction.

On his previous trip to Atlanta, a few months ago, doctors put a shunt from his left leg into his right, hoping to restore circulation to the latter. This time, he had a cancerous growth on his nose removed.

Nevertheless, Bowles isn't sure he approves of being in Atlanta, or if he's even American anymore.

"Culturally, how do Americans feel? Are they connected with any culture? Is an American anyone who lives here? In Morocco, I felt like a permanent tourist, a tourist who had put out an anchor. But here..." He shrugs.

## PEOPLE

## Sagan, in Paris Court, Admits Use of Cocaine

Prosecutors asked for a 50,000 franc (\$9,500) fine and an 18-month suspended sentence Wednesday for Françoise Sagan, on trial in Paris for cocaine use in the drug trial of 27 people. Sentencing was set for Feb. 24. The author was convicted of cocaine use in 1990, fined 10,000 francs and given a six-month suspended sentence. This time, prosecutors sought a more severe penalty. Sagan admitted to the court that she used cocaine at the time of the arrest in 1992, but said she had since given it up. "Aside from myself, I've always recommended against using cocaine," she said.

The American actress Betty Buckley, who has been in the London production of "Sunset Boulevard," is to replace Glenn Close in July in the New York production of the hit musical, "Andrew Lloyd Webber said Wednesday. Meanwhile, speculation is already on for the movie version. Close was certainly a major contender, but reports about Tom Cruise for the male lead were "news to me."

President Bill Clinton was nervous about playing in the Bob Hope Chrysler Classic charity golf match in Palm Springs, California, partly because he couldn't find his "old beat-up putter that's at least 35 years old" on arriving in San Francisco. Asked if he suspected foul play before his round with Bob Hope and two former presidents, Gerald Ford and George Bush, he agreed. "One of the Republican holdovers on the White House staff pulled my putter out of my bag."

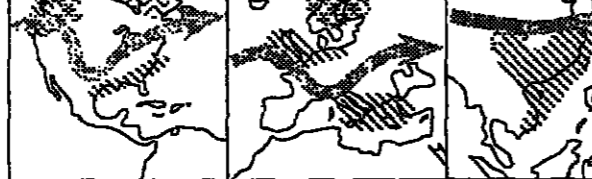
Roy Rogers, 83, the former singing cowboy, is in a hospital with chest pains in Loma Linda, California, but his son said he was resting comfortably.

## WEATHER

Forecast for Friday through Sunday, as provided by Accu-Weather.

Europe	Today		Tomorrow		W
	High	Low	High	Low	
Algeria	20/28	12/20	21/27	12/23	S
Amsterdam	9/14	7/14	9/18	6/14	pc
Ankara	8/16	2/27	8/16	1/21	pc
Athens	12/17	8/16	12/17	7/14	pc
Barcelona	17/23	12/17	18/23	12/17	pc
Berlin	7/14	2/15	8/16	1/24	pc
Bombay	8/16	0/2	3/21	0/2	pc
Buenos Aires	20/28	8/17	21/28	7/14	pc
Bucarest	4/20	1/21	4/20	0/2	pc
Calcutta	4/20	1/21	4/20	0/2	pc
Cairo	12/17	8/16	12/17	7/14	pc
Canton	20/28	8/17	21/28	7/14	pc
Chengdu	12/17	8/16	12/17	7/14	pc
Colon	8/16	2/27	8/16	1/21	pc
Copenhagen	12/17	8/16	12/17	7/14	pc
Dakar	20/28	8/17	21/28	7/14	pc
Dhaka	12/17	8/16	12/17	7/14	pc
Frankfurt	9/14	7/14	9/18	6/14	pc
Hankow	20/28	8/17	21/28	7/14	pc
Hong Kong	20/28	8/17	21/28	7/14	pc
Kobe	12/17	8/16	12/17	7/14	pc
London	9/14	7/14	9/18	6/14	pc
Los Angeles	12/17	8/16	12/17	7/14	pc
Madrid	12/17	8/16	12/17	7/14	pc
Moscow	12/17	8/16	12/17	7/14	pc
Mumbai	20/28	8/17	21/28	7/14	pc
Nairobi	12/17	8/16	12/17	7/14	pc
Paris	12/17	8/16	12/17	7/14	pc
Perth	12/17	8/16	12/17	7/14	pc
Rangoon	12/17	8/16	12/17	7/14	pc
Reykjavik	12/17	8/16	12/17	7/14	pc
Riyadh	12/17	8/16	12/17	7/14	pc
Singapore	12/17	8/16	12/17	7/14	pc
Sydney	12/17	8/16	12/17	7/14	pc
Taipei	12/17	8/16	12/17	7/14	pc
Tokyo	12/17	8/16	12/17	7/14	pc
Yokohama	12/17	8/16	12/17	7/14	pc

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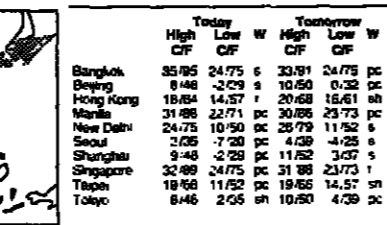


Forecast for Friday through Sunday, as provided by Accu-Weather.

North America	Today		Tomorrow		W
	High	Low	High	Low	
Alaska	12/17	8/16	12/17	7/14	pc
Arizona	12/17	8/16	12/17	7/14	pc
California	12/17	8/16	12/17	7/14	pc
Colorado	12/17	8/16	12/17	7/14	pc
Connecticut	12/17	8/16	12/17	7/14	pc
Delaware	12/17	8/16	12/17	7/14	pc
District of Columbia	12/17	8/16	12/17	7/14	pc
Florida	12/17	8/16	12/17	7/14	pc
Georgia	12/17	8/16	12/17	7/14	pc
Hawaii	12/17	8/16	12/17	7/14	pc
Idaho	12/17	8/16	12/17	7/14	pc
Illinois	12/17	8/16	12/17	7/14	pc
Indiana	12/17	8/16	12/17	7/14	pc
Iowa	12/17	8/16	12/17	7/14	pc
Kansas	12/17	8/16	12/17	7/14	pc
Kentucky	12/17	8/16	12/17	7/14	pc
Louisiana	12/17	8/16	12/17	7/14	pc
Maine	12/17	8/16	12/17	7/14	pc
Maryland	12/17	8/16	12/17	7/14	pc
Massachusetts	12/17	8/16	12/17	7/14	pc
Michigan	12/17	8/16	12/17	7/14	pc
Minnesota	12/17	8/16	12/17	7/14	pc
Mississippi	12/17	8/16	12/17	7/14	pc
Missouri	12/17	8/16	12/17	7/14	pc
Montana	12/17	8/16	12/17	7/14	pc
Nebraska	12/17	8/16	12/17	7/14	pc
Nevada	12/17	8/16	12/17	7/14	pc
New Hampshire	12/17	8/16	12/17	7/14	pc
New Jersey	12/17	8/16	12/17	7/14	pc
New Mexico	12/17	8/16	12/17	7/14	pc
New York	12/17	8/16	12/17	7/14	pc
North Carolina	12/17	8/16	12/17	7/14	pc
North Dakota	12/17	8/16	12/17	7/14	pc
Oklahoma	12/17	8/16	12/17	7/14	pc
Oregon	12/17	8/16	12/17	7/14	pc
Pennsylvania	12/17	8/16	12/17	7/14	pc
Rhode Island	12/17	8/16	12/17	7/14	pc
South Carolina	12/17	8/16	12/17	7/14	pc
South Dakota	12/17	8/16	12/17	7/14	pc
Tennessee	12/17	8/16	12/17	7/14	pc
Texas	12/17	8/16	12/17	7/14	pc
Utah	12/17	8/16	12/17	7/14	pc
Vermont	12/17	8/16	12/17	7/14	pc
Virginia	12/17	8/16	12/17	7/14	pc
Washington	12/17	8/16	12/17	7/14	pc
West Virginia	12/17	8/16	12/17	7/14	pc
Wisconsin	12/17	8/16	12/17	7/14	pc
Wyoming	12/17	8/16	12/17	7/14	pc

Forecast for Friday through Sunday, as provided by Accu-Weather.

Forecast for Friday through Sunday, as provided by Accu-Weather.



Forecast for Friday through Sunday, as provided by Accu-Weather.

Asia	Today		Tomorrow		W
	High	Low	High	Low	
Algeria	20/28	12/20	21/27	12/23	S
Amsterdam	9/14	7/14	9/18	6/14	pc
Ankara	8/16	2/27	8/16	1/21	pc
Athens	12/17	8/16	12/17	7/14	pc
Barcelona	17/23	12/17	18/23	12/17	pc
Berlin	7/14	2/15	8/16	1/24	pc
Bombay	8/16	0/2	3/21	0/2	pc
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Cairo	12/17	8/16	12/17	7/14	pc
Canton	20/28	8/17	21/28	7/14	pc
Chengdu	12/17	8/16	12/17	7/14	pc
Colon	8/16	2/27	8/16	1/21	pc
Copenhagen	12/17	8/16	12/17	7/14	pc
Dakar	20/28	8/17	21/28	7/14	pc
Dhaka	12/17	8/16	12/17	7/14	pc
Frankfurt	9/14	7/14	9/18	6/14	pc
Hankow	20/28	8/17	21/28	7/14	pc
Hong Kong	20/28	8/17	21/28	7/14	pc
Kobe	12/17	8/16	12/17	7/14	pc
London	9/14	7/14	9/18	6/14	pc
Los Angeles	12/17	8/16	12/17	7/14	pc
Madrid	12/17	8/16	12/17	7/14	pc
Moscow	12/17	8/16	12/17	7/14	pc
Mumbai	20/28	8/17	21/28	7/14	pc
Nairobi	12/17	8/16	12/17	7/14	pc
Paris	12/17	8/16	12/17	7/14	pc
Perth	12/17	8/16	12/17	7/14	pc
Rangoon	12/17	8/16	12/17	7/14	pc
Reykjavik	12/17	8/16	12/17	7/14	pc
Riyadh	12/17	8/16	12/17	7/14	pc
Singapore	12/17	8/16	12/17	7/14	pc
Sydney	12/17	8/16	12/17	7/14	pc
Taipei	12/17	8/16	12/17	7/14	pc
Tokyo	12/17	8/16	12/17	7/14	pc
Yokohama	12/17	8/16	12/17	7/14	pc

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